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The Week

THE fall of Premier Sarraut of France, soon after the resignation of his predecessor, Daladier, does not come altogether as a surprise. He had, to be sure, created a temporary coalition of the middle parties to stave off the attacks both of the Right and of the Socialists, which he appeared to throw away at the last moment by a minor compromise. But his whole position was unstable. Any government of France is confronted by a sadly unbalanced budget. In order to avoid inflation and stay on the gold standard, which public opinion overwhelmingly approves, it is necessary to increase revenues and decrease expenses. The French dislike to pay taxes fully as much as the Americans and even more than the British. Tax increases at this time of depression are particularly unpopular. To reduce expenses materially it would be necessary either to make a drastic cut in appropriations for the military or to decrease the salaries of public employees. The first offends the Right, and antagonizes the armament interests and the powerful Comité des Forges. They are in a position of peculiar strength at this moment, in view of the Hitler menace. To decrease the salaries of the civil service incurs the hostility of one of the largest and most influential bureaucracies in the world. It means a loss of support for the government not only from the Socialists but from deputies not so far to the Left. It will take a bold and clever man to steer the government through this crisis. The one hopeful aspect of the tangle is that it may encourage France to come to some understanding with Germany on the basis of which reduction of arms may be possible.

THE puzzle of what the United States is going to do about Cuba remains unsolved. After an apparently inspired interview to the effect that our policy remained unchanged, and that we would not recognize the Grau San Martin regime, Ambassador Welles resigned. It had been understood that he was the principal obstacle to recognition, since he had from the first been opposed to the existing government and was believed to be working to bring back into power the factions who set up the first revolutionary government under de Cespedes. The new ambassador, Mr. Jefferson Caffery, is a career man promoted from within the diplomatic service, and his opinions on these matters are unknown. He will act as personal representative of the President rather than as Ambassador. The situation, however, still calls for recognition. So long as we withhold normal diplomatic relations, the forces hostile to the existing government will be encouraged to revolt, and to tempt us to intervention if necessary.

THE beginning of the third trial of the Scottsboro boys has been marked by tense and tragic drama, much of it resulting from Judge Callahan's expressed opinion that three days would be sufficient for the third trial of Haywood Patterson. "We are going to make speed," he remarked; and if he meant speed in comparison with the pace of the first few days, the remainder of the hearings promises to be more like an automobile race than the trial of seven young men for a crime which most of the country doubts that they ever committed. Thus far the defense has submitted affidavits gathered by investigators who toured Morgan County, posing as salesmen; the affidavits give the names of five hundred individuals in the county who ex-

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pressed themselves in favor of lynching the defendants; most of the people interviewed wanted to see the lawyers for the defense lynched, too. When the prosecution answered by proving that four of the individuals named were dead, the investigators explained that they could not ask the names of everybody with whom they talked, but had taken the names listed on the mail boxes. Judge Callahan decided that the defense had not proved the existence of prejudice, and denied the motion for a change of venue.—The defense asked that the indictments be voided on the ground that Negroes were systematically excluded from the jury rolls; the roll was produced and it was found that the names of seven Negroes were included. The defense thereupon produced a handwriting expert, who testified that in his opinion, based on the location of the names on the roll, they had been added after March, 1931, and thus after the issue of exclusion had been raised; he also testified that they had probably been written in by the clerk of the jury board. Judge Callahan ruled that the roles had not been tampered with.—Subpoenas were issued for six of the seven Negroes named; Judge Callahan declared that he would not allow them to take the stand.—The court stenographer of Jackson County testified that in twenty-four years' experience he had never known a Negro to serve on a grand or petit jury; others testified to the same effect. Judge Callahan overruled the motion to quash the indictment. "We are going to make speed," he said. In his desire to make speed, he is in danger of forgetting that a judge is not an aviator or a racing driver, and that his first duty is to see that justice is done.

ON November 22 and 23, twenty-nine captive mines in western Pennsylvania voted, under direct supervision of the National Labor Board, to choose representatives for collective bargaining. The fifteen mines which voted the first day, and which are subsidiaries of the Jones and Laughlin, Weirton and Republic Steel Corporations, were easily carried by the United Mine Workers of America. Fourteen mines of the H. C. Frick Coke Company, subsidiary of the U. S. Steel Corporation, voted the next day, and of these all but five went to the Independent Brotherhood, which is the name given to the company union. This gives the U.M.W., over the entire region, twenty out of twenty-nine mines, and would indicate a substantial victory. However, the nine mines where the U.M.W. union was defeated are of such strategic importance that their result throws the whole captive-mine situation into worse confusion than ever before. The Frick Company will have a reason for refusing recognition of the union while U.M.W. officials are planning to contest the election. Undoubtedly it will mean a temporary setback to the union organization, followed in time by a strike far more severe than the last one. But even out of the confusion there emerges at least one factor which labor leaders would do well to scrutinize. There was a great deal of intimidation and terrorization, that is true. A representative of The New Republic saw armed deputies and company men flourishing guns and making threats right in front of the polls. For weeks prior to the election there was hardly a night when there was not some shooting and dynamiting on the company patches, all designed to scare the wits out of the union miners and to break their morale. Still, these tactics were no more drastic than the shooting, tear-gassing and actual starvation that prevailed during the strike, but which frightened nobody away from the picket line or induced anyone to go back to work before the leaders ordered him to do so. In mass action apparently the men found strength which was lacking in the individual voting. Certainly the result of the captive-mine election presents neither victory nor defeat for either side, but it does cast doubt upon the effort to settle industrial disputes by democratic means.

KNOXVILLE, Tennessee, twenty-five miles from Norris Dam, becomes the first city in the Tennessee Valley to vote to buy power from the Tennessee Valley Authority and distribute it over a municipally owned and operated system. Nine Alabama towns had already contracted for T.V.A. power, but Birmingham, headquarters of the Alabama Power Company, voted it down by three to two. A similar outcome in Knoxville might have jeopardized the entire program. Director David E. Lilienthal emphasized the necessity of a favorable vote in order to show that the people of the Valley were really interested in the Authority. He had previously announced a schedule of rates that would mean a reduction of 50 percent or more in Knoxville. Chairman Arthur E. Morgan of the T.V.A. issued a statement in which he compared the modern need for electricity with the need for air and water. The Knoxville News-Sentinel, a Scripps-Howard paper, did effective work for the public plant. The utility companies of course fought back. One of their agencies, the Anti-Bond Association, spent thousands of dollars in advertising and sent letters to every home in the city. One of the letters, addressed to the Parent-Teacher Associations, warned that if the bond issue for the new plant passed, the schools would be crippled because of loss of taxes from the private power company. It warned the street-car riders that fares would be almost doubled. It raised all the old bogies of Socialism. But Knoxville, impressed not only by the arguments of the public authorities but by the benefits it has already received from the T.V.A., paid little attention to these prophecies of disaster. The "yardstick" is ready to be applied.

RECOMMENDED methods of fighting the third degree, drawn up by the American Civil Liberties Union and signed by several of the investigators

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who aided in preparing the reports for the Wickersham Commission, throw a revealing light on American police practices—revealing, that is, in a left-handed manner. As for the existence of the third degree, it has been proved too frequently to be argued and the reports of the Wickersham Commission provide all the documentary evidence that is necessary. Moreover, whatever form it takes, whether beating or a more refined torture (such as, for example, that typical American improvement on the inquisition, the use of the dentist drill for grinding out confessions) or simply starvation or protracted grueling, it violates, if nothing more, the constitutional guarantees against self-incrimination. Consequently proposals intended to force the police to stop illegal practices, with no real provision for enforcing the recommendations, simply testify again to the power of the police and the weakness of attempted reforms.

NEVERTHELESS, the Union suggests a line of effort which might at least make police brutality a little more difficult. The proposals include a physician's report on the condition of every prisoner taken into custody, the detention of prisoners by some department other than the police, careful record of the exact time a prisoner is taken into custody and measures requiring the arresting officer to make out sworn information charging a specific offense before making an arrest. This last proposal follows the practice in Canada, where it is said to be successful. Other suggestions are the presence of a stenographer at all inquiries by police officers and the systematic mobilization of public opinion. The most striking feature of these proposals is that it has become necessary to make them, and yet they are stoutly resisted on the grounds that they make the work of the police more difficult. Since the third degree is most often employed in cases of arrest on suspicion, when the police attempt to force a confession because they have been unable to obtain other evidence, this objection is equivalent to saying that we ought to be willing to sacrifice our constitutional guarantees in order to simplify the work of the police—or, more crudely, that we ought to be willing to do it simply because the police are incompetent.

THERE was a candidate for minor office in New York City, running on the Liberty ticket, who expected to receive 10,000 votes. In his own election district he was credited with not a single one. This was not only distressing to the candidate; it was also amazing. He had voted for himself, very carefully; there were five other members of his family and twenty-nine neighbors who had voted for him also and who signed affidavits to that effect—and none of these thirty-five votes had been counted. The election board, on being threatened with arrest, apologized for its mistake. Neighborhood politicians thereupon explained that the board hadn't really been dishonest—it had been following an old New York City custom, by which, merely to save trouble, votes for minor parties were never counted, but were transferred to other candidates. . . . There is good reason to believe that this old Tammany custom is followed in other parts of the United States: it helps to explain the smallness of the vote for Norman Thomas and William Z. Foster at the last presidential election. It also offers a real threat to democratic government. In times like these, the vote for minor parties is important as an index of discontent and as a guide for the policy of the candidate actually elected. If the index is falsified, office-holders may be led into making serious blunders. Moreover, honest elections are the greatest safeguard of the democratic system. If people once lose their faith in the efficacy of the vote, they will take to voting with clubs and shotguns. Election boards which juggle votes around are doing their best to foment a revolution.

IN AN effort to discover why the maternal death rate in this country ranks so shamefully high in comparison with that of other nations, the Children's Bureau of the Department of Labor has been making a detailed and careful investigation of 7,380 deaths of mothers in fifteen selected states. This investigation, the first of its kind or scope ever made in this country, covered exhaustively every maternal death in thirteen states over a period of two years and in two states for one year. The report was then submitted to a committee of leading obstetricians, and their analysis has recently been made public. According to the committee, probably the outstanding fact revealed by the study is that one quarter of all the maternal deaths investigated were not due to maternal mortality, as the term is commonly understood, but that a "careful follow-up of death records revealed that 1,825 women died following ending of pregnancy so premature that the infant could not survive. Of this number 1,324 died from sepsis, and in 50 percent of the cases of known type these deaths followed attempts by the women themselves to avoid motherhood." The second major cause, the study says, is the large proportion of women who received little or no maternal care before childbirth. The report states that of the women who could reasonably have been expected to have such care, 54 percent had not even been given a prenatal examination by a physician. "In only one percent was the care given up to the standard that it is the right of every patient to have and to demand." Though the committee sees a glimmer of hope in the fact that the high maternal death rate in this country (16,000 mothers die on an average each year) is due to "controllable cause," it nevertheless points out that the major proportion of these inexcusable deaths may be laid directly at the doors of the communities which offer no free medical care or advice to those mothers who have not the knowledge or the money to consult a competent physician.

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Inflation Panic

WALL STREET is having another panic—this time a panic of apprehension about "inflation." These men who in 1928 and 1929 saw no danger when stocks were selling at prices in the stratosphere and who continued boosting them with all the uses of mob psychology, these men who later completely lost their nerve during the deflation and at the end of it scrambled so incontinently for "liquidity" that all the banks had to be closed, these men, now, with characteristic good sense, are beginning to compare our financial situation with that of the French Revolution and are invoking pictures of million-dollar bills being used to buy a pound of butter. (Andrew D. White's famous old pamphlet about the inflation of the French Revolution is being circulated by the thousands at the great expense of someone or other.) When we say "Wall Street" in this connection, we do not mean merely the wilder exchange speculators, but the bankers who were back of it all, the crowd of which Charles E. Mitchell and Albert H. Wiggin were leaders—yes, and even Alfred E. Smith, who, according to his own confession, never reads a book but gets his information from his associates, and who, for some time now, has been taken into camp by the big-money boys.

Few of these men have any definite conception of what they are talking about. They toss about phrases like "sound money" and "honest money" as if all that it was necessary to do in order to get out of this depression and avoid future ones would be for the government to say that a dollar is worth the same number of grains of gold as before last March—forgetting that it was worth the same number of grains in 1913, in 1920, in 1921, in 1929 and 1930—years between which there were hundreds of points of variation in prices, and business conditions sliding all the way from wild inflation to deepest depression. They are recalling all the old slogans of Bryan and of the Greenback agitation before him, and are solidifying for the kind of fight which always has united the East against the West, the creditors against the debtors. They are doing this as if they still wore side-whiskers, and as if nothing had happened since 1896.

These gentlemen ought to be reminded that there are other pertinent historical analogies. They ought to know, for instance, that shortly before the American Revolution there was a depression, that the colonists were deeply in debt to London, and that one of the most irritating acts of Parliament was that which forbade any relief to the debtors by means of issues of paper money authorized by the colonial assemblies. The partisans of conservatism in money policy ought to remember that just now their reputations for far-sightedness and honesty are none too good; President Roosevelt in calling them "Tories" awakens echoes of what our Revolutionary ancestors thought concerning the ignorant stubbornness exhibited by the creditors of those days. It is a dangerous business, this outcry of the financial community against inflation. It may create just as stubborn a reaction, which will bring the very thing they fear.

And the inflation panic is not only dangerous; it is silly. The President is not issuing paper money; he has given not the slightest sign of wanting to do so. What he is doing is something entirely different. The danger that paper money may have to be issued is being created by the very panic, the very outcry, of Wall Street itself. Observing that the President's policy has a slightly depressing effect on government bonds, they picture an entire disappearance of the market for government securities—as if this were a probable consequence unless their own terror made it so. They then picture the government paying its way by running the printing presses. Of course this could happen, but there is certainly nothing now being done in Washington which makes it necessary. On the contrary, the President has given every evidence of wanting to keep the government's credit good.

If the objectors to the President's policy had any sense at all, they would shut their mouths as tight as clams concerning a possible danger of rising prices, and confine their attention to what at the moment is certainly the greater danger—the danger that a progressively depreciating dollar exchange will not raise commodity prices so much as they ought to be increased, or keep them up if they do rise. There is nothing the matter with the President's expressed purpose about commodity prices; every sensible man will agree that they ought to be higher in relation to debts, that farm prices ought to be closer to the prices of industrial products.

The trouble is that the existing gold policy is not well adapted to bringing about that result. Temporarily, to be sure, it stimulates exports by making American prices easier for foreigners to pay. Temporarily it stimulates speculation for the rise on commodity markets. But both of these results are almost certain to lead to reactions which will cancel all the benefits gained. Mr. Sprague's letter of resignation was clear and concise on this point; it would have been well if he had confined his comments to this aspect of the matter and had refrained from stirring up the anti-inflation hysteria, which is based upon little except intangible fear. It is significant of the lack of understanding of the whole matter exhibited by the pack of "sound money" advocates that they have completely overlooked the realistic and cogent aspect of his argument and have emphasized only the more remote contingencies.

What is the actual effect of the gold-buying policy? As for the purchase of newly mined gold at home, it has no effect on prices, except that very slight one which may sometime come from the subsidy given to gold producers. The buying of gold

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abroad means the selling of dollars on the exchange market and a tendency, therefore, to drive the dollar down. This announced purpose impels speculators in exchange to sell American securities and buy foreign ones. One may, if one likes, call this a "flight of capital"; at any rate its temporary result is to accentuate the downward course of dollar exchange already initiated by the government. This is what stimulates exports and helps raise the American prices of exportable commodities. So far, so good.

But at the same time fears increase for the gold standard in France, and capital flees from France and carries gold with it. This movement in itself creates danger for the franc. A continuance of our policy may drive France off the gold standard. If she goes off, the franc will sink in comparison with the dollar and the stimulus to our exports will be in part counteracted. Meanwhile, also, Britain becomes restive at our current advantage in world markets. At any time she may begin an attempt to bid the pound down and the dollar up, by use of her exchange-equalization fund. Such a race in currency depreciation, even if Britain does not counterbalance our efforts, must end some time. Meanwhile, again, all countries suffering our competition have an incentive to raise tariffs against us and impose more strict import quotas. This will serve to check our exports. Finally, if none of these influences puts an end to our gains, internal prices in this country may rise to a point at which it is no cheaper to buy here than it was before the movement started, and exports will decline again for that reason.

When, by some combination of these influences, the exchange value of the dollar stops going down, and it is seen by the speculators that its future course is likely to be up, a reverse movement of capital will begin. Foreign securities will be sold and American securities bought. The dollar will rise, exports will be discouraged, bear speculation will have its way in our commodity markets. The present gains will be lost, and the whole movement will be seen to have been illusory. So long as we remain a creditor nation, the normal balance of payments must in the long run serve to cancel any artificial depreciation of the dollar. This is the real danger in the President's policy.

What is the alternative? Going back now to the gold standard at the old par? That would mean immediate deflation and is favored by few informed persons, however conservative. To advocate it argues little more than ignorance. Going back to gold at a new and lower valuation? But the President seems to us wholly right in saying that we cannot now judge what the valuation should be. We must first see what is going to happen to internal prices in the several countries.

We must face the prospect of a managed currency, for a while at any rate. Great Britain and Sweden have had managed currencies for many months now, at least so far as the exchange values are concerned. It is not the question of having a managed currency that should agitate us, but the question of *how it should be managed.* The thing to do is to stop depreciating the dollar by bearing our own exchange. We can gain nothing by temporary stimulation to speculation. Rather, we should seek to avoid violent fluctuation in the exchange by agreement with Great Britain. We can then concentrate on internal measures to bring about the amount of price increase desired and to revive business. We can use the gold policy to see that the course of exchange is in harmony with this program. What is the matter with the President's program is not the devices he is using, but the theory he has assimilated from Professor Warren that you can manage internal prices solely by doing something about gold. The danger is not that it will lead to uncontrolled inflation, but that it will not, in the long run, help prices at all.

Yanqui Imperialismo

EVER SINCE the Spanish War, our State Department has anticipated each succeeding Pan-American Conference with foreboding and dread. In actual fact, our delegates have always succeeded in choking off formal discussion of our many crimes in Central America and the Caribbean. But each Pan-American Conference has invariably been preceded by months of hostile newspaper discussion of our policies throughout Latin America and once or twice, as in Havana in 1928 when the Argentinian representative, Puerrydon, departed in protest, we have had close calls in the conferences themselves.

This year our delegation is going to Montevideo with a relatively bright record. At last we have withdrawn our Marines from Nicaragua. Our administrative control over the Dominican Republic has been largely relaxed, and Secretary Hull a few weeks ago frustrated what appeared to be an attempt by the Navy Department to tighten it up again. The most important evidence we have to show of good intentions, however, is the reinterpretation of the Monroe Doctrine made some time ago by former Ambassador J. Reuben Clark. The so-called Roosevelt corollary to the Monroe Doctrine, under which old Theodore pretended to justify forcible intervention in the Caribbean, is henceforth definitely repudiated.

These proofs of our reformed character, however, have been more than overbalanced by the incredibly inept behavior of Ambassador Welles in Cuba. By his stubborn insistence upon supporting the short-lived de Cespedes regime, and his refusal to observe at least neutrality towards President Grau San Martin, Mr. Welles has indicated to the world that we are still intervening in Latin American affairs when large enough financial interests are supposedly in jeopardy. Recognition by the United

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States, at this late date, could not entirely cure matters. A mission representing the Grau San Martin government is en route to Montevideo, where it can be assumed the story of Mr. Welles's activities will be spread broadcast. One fact which is likely to do great damage is that Mr. Welles has been heralded everywhere in Latin America as one of President Roosevelt's closest personal friends.

Another black spot on our record for Montevideo is our continued financial control of Haiti. Partly because of this, the Haitian Minister at Washington, Mr. Dantes Bellegarde, resigned his post a few days ago. You will recall Mr. Bellegarde as the forthright spirit who some time ago questioned the heroic quality of General Smedley D. Butler's capture of an abandoned fort in Haiti during the Marines' occupation.

As is usual with Pan-American Conferences, the United States delegation is going to Montevideo with no well thought-out program except to stifle, also as usual, any public discussion of our past misdeeds. President Roosevelt's proposals for the completion of the Pan-American Highway, for the construction of a railroad south to Rio de Janeiro and for the improvement of Latin American airplane flying fields, made on the eve of Secretary Hull's departure, need a good deal of explanation. Mr. Roosevelt offers $500,000 for the drafting of final engineering plans for the Pan-American Highway, and in his statement pointed out that if the Highway were built of concrete, it would require 45 million barrels of cement, or one-third of the present annual output of the United States. Does Mr. Roosevelt mean to imply that the Public Works Administration, or the R.F.C., stands ready to finance the purchase of this cement? Will the United States likewise find the funds for the proposed Rio de Janeiro railroad? Mr. Roosevelt has definitely instructed Secretary Hull to refuse to discuss tariffs and currency restrictions at Montevideo. How does Mr. Roosevelt suggest that the Latin American countries—except perhaps Brazil with its exports of coffee which come on the free list—are to repay money borrowed from us? Will tolls be charged at bridges and national boundaries, along the highway? What about the vastly inflated debt already owed in this country? Finally, what about the widespread apprehension among Latin American leaders that this proposal to promote public works on a grand scale in Latin America would inevitably mean, in the not remote future, a renewal of "yanqui imperialismo?"

It will be worth watching the Montevideo meeting for signs of the growth of political and economic radicalism in Latin America. Evidence is accumulating that the years of depression have greatly hastened social changes in every country. Because of the almost total loss of markets for natural nitrates, Chile has been going through a particularly violent dislocation. At present it is being ruled in fact by a middle-class fascist group misleadingly dubbed "the army in overalls," but the radical movement in Chile is reputedly the strongest, and the one most likely soon to take power, of any in Latin America. None of the Latin American radical groups, such as Raoul Haye de la Torre's Aprista in Peru, appears to have a definitely developed economic program; mostly they are to be classed as vague socialists, and nearly all oppose communism. Nevertheless, they represent a sharp and hopeful break with the semi-feudal, Spanish colonial past of Latin America.

Two topics of far-reaching implications are on the formal agenda of the Montevideo meeting. The Inter-American Commission of Women, a juridical body created by the 1928 Havana Conference, of which Miss Doris Stevens of the United States is chairwoman, will propose a multilateral treaty establishing complete political and civil equality for women throughout the hemisphere. Partly because the Spanish revolutionists, as one of their first acts, gave a wide measure of equality to women, this proposed treaty has strong support among the younger generation in Latin America. Needless to say, nothing else would so profoundly alter the whole Latin American social structure. The other vital topic on the Conference's agenda concerns peace machinery. Proposals have been submitted by various delegations which, taken together, would provide Latin America with a miniature League of Nations, an embryo world court and elaborate anti-war treaties. Partly these peace proposals represent a desire of the Latin American countries, as better communications make them more aware of their essential unity, to enter into a more closely articulated political bloc. Partly, however, they represent simply a move to check future interventionist activities by the United States. It is feared that either Boliva or Paraguay may attempt to use discussion of this peace machinery to force consideration of the Chaco conflict, now in its second year, upon the Montevideo Conference. The Chaco affair touches on the supposed national interests of all three of the A.B.C. countries—Argentina, Brazil and Chile—and if the issue is once raised, it may succeed in blanketing discussion of everything else, even of the sins of the United States.

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Japan's Manchurian Blunder

WHAT DOES Japan stand to gain economically as a result of her Manchurian adventure? Will she find in the control of Manchuria an early solution to her most pressing economic problems? There is a widely entertained belief that she will, but an analysis of the prospects leads to a contrary conclusion.

The most serious economic problem confronting Japan, and the one from which many of the others follow, is the so-called "population problem." Japan proper occupies an area slightly less than that of the state of California, and only about one-sixth of the land is arable. On this relatively small plot of ground, she is at present supporting a population in excess of sixty-six and one-half millions—over half the population of the United States—and faces the necessity of having to support even a larger number in the near future, or to provide the means of settling them outside the country.

Certain decelerating forces, such as fewer and later marriages, will very definitely prevent Japan from ever attaining the enormous numbers of which alarmists frequently speak. The "million a year" increases will not continue for long. Competent students of the subject believe that Japan will never have as many as 100 million people, and that it is likely that she will strike a plateau at not much over 80 millions. Most of the increase will take place during the next decade or two, and during this period Japan must face a great strain in providing necessities and employment for her people. She must take care of at least 9 millions more by 1945, and meanwhile provide employment for 400,000 or more additional workers annually. The time element is of obvious importance, since the needs of population must be provided as it expands. Food, raw materials and markets which the distant future may hold in store—no matter in what abundance—will not provide for an existing population.

A second important economic problem which confronts Japan is that of selling goods and services to foreigners to pay for purchases from abroad. Japan has usually found it impossible to export enough goods to pay for her imports of goods. Only for a few years in recent times, and not since 1918, has she had a so-called "favorable" balance of trade.

Her principal imports during recent years have been raw cotton, machinery, wool, iron and steel, lumber, peas, beans, bean cake, wheat, coal, ammonium sulphate, mineral oil, sugar and rubber. Japan is dependent on imports for her entire supply of cotton, wool, rubber, aluminum and nickel; for over 90 percent of her steel; and for over 75 percent of her iron ore, lead, zinc, tin, oil, hemp, dyes and chemicals. The bulk of her imports consists of basic necessities. To cut down on the consumption of these would seriously injure her people and hamper her industries. Several of Japan's most important export industries are wholly or partly dependent on imported raw materials.

In recent years Japan has been buying more goods than she has been selling; and while she has been rendering services to a greater value than she has been hiring, she has not often been able to balance her aggregate current expenditures abroad against her current income from abroad. She must find some way of increasing her sales of goods and services to foreigners in relation to her consumption of goods and services from them. Neither her international capital position nor her ability to export treasure will permit otherwise.

Although her population and trade problems are the most acute, Japan is faced with other serious and closely related economic problems as well. These consist or grow out of unemployment, budgetary difficulties, currency and banking problems, burdensome and maldistributed taxation, agrarian discontent and a host of others which are plaguing the entire world.

Will Japan's more intimate and agreeable relations with Manchuria enable her to solve these major economic problems to any appreciable extent? What have they accomplished to date?

Immediately following the outbreak of hostilities in September, 1931, there was fanned into full flame an anti-Japanese boycott of unprecedented proportions and effectiveness. Japanese steamship lines, banks, manufacturers and mercantile houses were forced either to suspend or limit operations in China proper and in regions in the South Pacific where Chinese dominate business. Industry and commerce in Japan were likewise upset.

Japan's international credit rating was lowered, her gold-dollar bonds dropping in New York by almost 50 percent within the first eight months of the conflict. These bonds have recovered considerably, but despite this, Japan's credit abroad remains so bad that she cannot borrow except at ruinous rates. This is particularly significant as Japan has never repudiated a foreign financial obligation, a record second to none in the world.

Within three months after the outbreak of hostilities, Japan was forced to abandon the gold standard. The yen then began to drop until it had depreciated to about 40 percent of its former gold value, a position from which it has not recovered. Even though Japan had not embarked on her continental adventure, she probably would have been forced to follow Great Britain in abandoning the gold standard. It is doubtful, however, that the

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yen would have dropped so far as it has, had it not been for her military operations in China.

It should be clear that many of the internal and external difficulties growing out of the extremely low value of the yen are to be traced to Japan's military activities in China. The extreme depression of the yen has imposed heavy burdens on Japan in paying for her imports and in meeting the charges on her foreign loans. To an extent it has stimulated exports, but this has not been an unmixed blessing, in view of the general—but not always well founded—charges of "dumping" lodged against her. This is serious, for many of her best customers, China, India, Egypt, Malaysia and sections of Africa, for example, are beginning to restrict imports of Japanese goods. That Japan has not suffered more from her depreciated yen, is due only to the cushioning effects of the depreciated pound and dollar.

As to the costs of Japan's military operations in China, reliable figures are not available—if for no other reason than that the operations have not yet ceased. It is scarcely to be doubted, however, that her costs in "blood and treasure" have exceeded what she has made in Manchuria to date.

Hostilities created a boom in the war industries and certain others, and the depression of the yen gave a belated impetus to export industries and industry in general and served even later to check imports. With the boom in industry there was a lessening of unemployment and a possible temporary check to the spread of the ever-present and highly contagious "dangerous thoughts." Depreciation of the yen brought some agrarian relief, but much less than enough to satisfy the tax-ridden and debt-burdened peasants. The creation of Manchukuo provided a number of lucrative posts for Japanese in the new state, though it is doubtful that the new government will need or can afford a much larger Japanese personnel to direct its destinies.

The new state has given the Japanese the rights to own and lease land and to exploit the resources of the country. These are rights that the Japanese feel—and with some justice—they were entitled to exercise by virtue of certain treaties with China that former Manchurian officials chose to ignore in large measure. The present Manchukuo government has practically promised to accept its creator's interpretation of any and all Japanese treaty claims in Manchuria, and this may be reckoned the most important achievement growing out of the new state's establishment. Significant as this gain unquestionably is, its importance is solving Japan's *economic* problems has been greatly overestimated.

From the opening of hostilities in September, 1931, to the present, Japan has undergone many hardships and her people have made many sacrifices. These have been offset in part by certain gains, but without question, the aggregate of losses during this period has more than offset the aggregate of gains. I doubt that any Japanese would dispute this.

But if the sacrifices to date have not yet brought commensurate returns, what promise is there that they will in the future? Will Manchuria solve Japan's population problem? First, can she do it by providing a direct outlet for mass Japanese emigration? Students of the problem think not, but there is such a widespread popular belief to the contrary that it may be worth while to offer the objections. The most frequently advanced are:

1. The Japanese are not accustomed to mass emigration. For about two and one-half centuries prior to 1868, Japan was a closed country and its inhabitants were forbidden to leave. The Japanese have no tradition of emigration, and there are now fewer than one million subjects living abroad. This argument is not particularly compelling, for if the Japanese were welcome in foreign countries where they could make a decent living they would emigrate—lack of tradition notwithstanding.

2. The Japanese are not accustomed to the variety of crops or the types of cultivation in vogue in Manchuria. Instead of intensive cultivation, and heavy irrigation and fertilization on small plots that return a high yield, the Japanese colonist must cultivate extensively in Manchuria, get along without irrigation and fertilization and be satisfied with low yields. This again is not an overserious objection and would not prevent Japanese colonization.

3. Another argument frequently advanced is that the Manchurian climate is too severe for the Japanese people. The cold *per se* is not the vital objection, but rather the large additional costs which it imposes for clothing, shelter and fuel. There is abundance of evidence to show that the Japanese can withstand the cold as well as other peoples if they are properly clothed, housed and fed. The rigors of Manchuria are objectionable, not for the reasons ordinarily ascribed, but rather because of their economic implications.

4. There is, however, one valid reason why Japanese cannot hope to settle Manchuria in large numbers. Their standard of living is too high in comparison with their efficiency to permit any large-scale competition with the Chinese settlers already there. While the difference in their standards may often be exaggerated, it is marked nevertheless. Opportunities will exist in Manchuria for Japanese professional and "white collar" men in limited numbers, but not for ordinary workers or farmers.

Without financial assistance from their government, no large number of Japanese settlers can hope to compete with the Chinese already in Manchuria. Subsidizing settlers is no solution to the problem either. If Japan is pinched now, how much more will she be pinched if she burdens herself with gifts to emigrants? None of the subsidized-settlement schemes is planned on a scale to take care of more than a small fraction of Japan's annual increases. The yearly gains are in the hundreds of thousands, whereas the wildest subsidized-emigration schemes deal in the tens of thousands, and the more sane in terms of thousands. Even if it were granted that tens of thousands of Japanese could be settled in Manchuria annually—economically or

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otherwise—would it not yet be obvious that Manchuria is no solution to Japan's population problem in so far as emigration is concerned?

If Manchuria cannot solve Japan's population problem by absorbing settlers, can she do it by providing Japan with food, raw materials and markets necessary for a greater industrialization of the islands? If the expansion of Japanese industry and commerce is to rest on sound economic grounds, Japan must be able to deal with Manchukuo on terms equal to or better than those on which she deals with other suppliers and consumers. If the terms are not so good, Japan loses; if they are not better, she cannot take care of the larger numbers at the present standard of living. Further, it is only by bettering the terms of her international commerce that she can solve her trade problem of balancing exports and imports.

During recent years, Japan's imports from Manchuria have amounted to only about 7½ percent of her total imports, and her exports to Manchuria to only a little over 8 percent of her total exports. Japan has far more important suppliers and customers outside Manchuria than she has within it and she can ill afford to antagonize them even for the sake of considerable gain in Manchuria.

To date Japan's only important agricultural import from Manchuria has been the soya bean, used for food and forage, but chiefly for fertilizer. On account of the inroads now being made by chemical fertilizers, Japan's aggregate imports of soya beans are likely to decrease. Her imports of maize, *kaoliang* and millet have been small and will remain unimportant so long as the Japanese prefer rice, their only important "breadstuff." Manchuria at present raises little rice, but if necessary could raise considerable amounts, though heavy expenditures for irrigation would first be required. For the time being Japan is self-sufficient in the matter of rice. In time to come Manchuria may supply Japan with wheat, but at present Manchuria is a net importer of wheat in the form of flour and must become self-sufficient before she can supply Japan. Manchuria may likewise supply Japan with cotton and wool, but at present their production is poor in quality and meager in output; only wool shows real promise.

Manchurian mineral resources are often described in such glowing terms that many people suppose these will one day make Japan independent of the rest of the world for her supplies of at least coal, oil and iron. Manchuria possesses an abundance of coal, but she lacks the coking coal of which Japan stands in need. Manchuria can supply Japan with ordinary varieties of coal, and at lower prices than they can be produced in Japan, but first the opposition of powerful Japanese mining interests must be overcome. Manchuria can likewise supply Japan with limited amounts of oil. There is no free oil in Manchuria and so extraction will have to be from shale, a process generally regarded as uneconomical at present. Barring unanticipated technological improvements, Japan can never hope to meet her oil requirements from Manchuria at other than prohibitive costs. Manchuria contains large deposits of iron ore, but with negligible exceptions they are of such poor quality that, in the opinion of competent authorities, they will not be able to support an economically sound iron and steel industry of any substantial proportions. One outstanding authority states that there are millions of tons of similar ore in the Lake Superior region which we do not even reckon among our reserves.

In the matter of market expansion, Manchuria will be of only limited importance for some time. Manchuria's chief imports from Japan in recent years have been cotton piece goods, machinery, iron and steel, wheat flour, clothing, miscellaneous piece goods, refined sugar, paper, potteries and a great variety of miscellaneous manufactures and foodstuffs. If Manchuria is to be allowed to develop rationally, she may buy fewer of these goods from Japan. If cotton production should succeed, Manchuria might fabricate her own piece goods, and the same holds true in varying degree for other commodities. In fact, unless Japan interferes too seriously, Manchuria may evolve an economy that will threaten rather than complement Japan's. Should Japan attempt to "plan" Manchuria's economy so as to keep it in a colonial status—the increasing number of Manchukuo state monopolies create this suspicion—she may invite embarrassing opposition from the passively hostile Chinese populace and even certain Japanese.

At the moment, Japanese-Manchukuo trade is exceptionally brisk, but the basis does not promise to endure. Japan is expending and investing heavily in Manchukuo; her highly depreciated yen is giving her an advantage over domestic and foreign competition; and the reciprocal trade restrictions between China and Manchukuo are playing in her favor. Once she discontinues making these expenditures, which she can ill afford in her present financial state, and once Manchukuo's economy is adjusted to new local conditions, the present basis for this unusual trade will disappear.

For some time to come Manchuria will be of only slight assistance in solving Japan's population and trade problems. There is no prospect whatsoever for mass emigration; and Manchurian resources do not give promise of early or great Japanese industrial and trade expansion along economic lines. Further, Japan's manner of gaining control of Manchuria has injured her trade opportunities and credit standing in certain important areas; and the costs of gaining this control have seriously threatened her financial stability. With a more judicious handling of her Manchurian problem, Japan was destined to gain much of what she will obtain in Manchuria, and *in so far as net economic gain is concerned,* she could easily and might wisely have spared herself the cost of the entire venture. She may get more out of Manchuria economically than she otherwise would have, but this possible gain has been bought too dearly.

BEN DORFMAN.

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The Joyride in Associated Gas: II

[*This is the second of two articles describing methods employed by a large public-utility holding company in selling securities to the public. The first, which described a selling campaign in Rochester, New York, was published in The New Republic of November 29. The author was employed for about three years in the investment department of the Associated Gas and Electric Company.*—THE EDITORS.]

MY OBJECT in writing these articles is to point out some of the abuses that have been and are now being practised by some public-utility holding companies—abuses that are possible because of the lack of proper regulation. If ever an industry needed federal control and regulation, it is the electric-light and gas industry as represented by the great holding companies we have seen built up all around us. The various states can regulate only within their own borders, and the holding companies, operating in a score or more of states, can do nearly anything they please in regard to issuing new "securities" as long as the public will bite.

You may ask, "Well, if you think these things, why did you work for one of these companies and sell its all but worthless securities?" The reason was, of course, that I did not know at that time so much about these matters as I do now. None of us did. A decrease in earnings of 17 percent was necessary to reveal glaringly the weakness of the improperly constructed holding company. In those days, late in 1929, we salesmen believed implicitly in everything the company did; so much so that most of us subscribed voluntarily for the Class A stock, paying for it out of salary deductions.

The Associated Gas and Electric Company, for which I worked, sold $650 million "worth" of its own securities, none of which is secured by a mortgage and all of which has shrunk to a pitiably small fraction of its par value. The securities of the operating companies and sub-holding companies, ranking prior to the securities of the holding company, absorb most or all of the earnings in hard times. The shrinkage in earnings of the Associated Gas and Electric Company has wiped out all earning power upon hundreds of millions of dollars of its securities. It is now earning nothing on its preferred, Class A or common shares; it is earning nothing on the "obligations" described in my first article, which replaced the 6-percent debentures; and it is earning only part of the interest requirements for its senior funded debt.

Generally speaking, the safest investment in the public-utility industry is a first-mortgage bond issued by an operating company. Then come the general-mortgage bonds of the holding-operating company. Next are the debentures of the sub-holding companies, followed by the debenture bonds of the holding company, secured by the common stock of the subsidiaries. Then come the unsecured debentures of the holding company, and finally its preferred and common stocks. Naturally the preferred and common stocks of each company in this pyramid take precedence over the bonds or debentures of the company which follows or "holds" it.

Now to go on with the story.

Our Second Campaign.—We were given a week's vacation after the record-breaking campaign in Rochester, in which we sold a grand total of $7 million of debentures in five weeks. Upon our return home we were launched into another campaign. Although this part of Massachusetts had been campaigned several times before, the employees were not yet worked out, because the market was still rising and nothing detrimental had yet happened to the securities previously sold. It was a smaller campaign, for Cambridge was a smaller city, but still we imported a dozen or so men from other territories and had thirty-one salesmen in the field.

The debentures, it should be said, were sold for $100 and with a refund guarantee; the employees were told to sell them with a promise that the company would buy them back from the investor at $98 at any such time as the investor needed the money. Actually, while the company took back the debentures at $98 for a while, it later refused to do so, and, as I described in my previous article, called the debentures for compulsory conversion into preferred stock upon which the dividends could be and soon were passed. I have recently had several legal opinions that calling of the debentures for conversion into preferred stock would not obviate the refund guarantee. Another interesting little practice of the company was to sell these debentures at par, $100, when they were quoted on the unlisted market for around $85. They are now quoted $1 bid.

But something happened before this campaign was over. There was a stock-market crash on October 23, 1929. The next day we got a literary bombardment from the home office telling us the market break didn't mean anything. When it became apparent that the downward trend of the market was slowing up our sales, we got telegrams in profusion, warning us against using the crash as an alibi. No hard-luck stories, they said, would be accepted in lieu of sales.

On this campaign I had a better team, consisting of appliance salesmen, so I eventually finished in second place. My employees were told to forget

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their appliance quotas for that month and to concentrate on "bonds," as most of them called the debentures. Naturally the salesmen never stressed the "conversion privileges" that the company provided in its indenture, that of forcing a conversion into preferred stock at the company's option. They did stress, however, another "conversion privilege" provided for in the prospectus—that of converting into Class A stock, for this supplied a speculative flavor. One employee obtained an order of several thousand dollars from a charity hospital supported by a church. Two of our salesmen got their clutches on three aged spinsters who had about $45,000 among them, the income from which supplied their entire livelihood. They persuaded the three old ladies to invest the entire $45,000 in Associated Gas and Electric Company stock. Not even the debentures, mind you, but the stock. They did. They paid about $50 a share. It is now worth seventy-five cents.

The Battle of New Bedford.—After the conclusion of the Cambridge campaign, several of us received orders to proceed to New Bedford, Massachusetts, where the Associated Gas and Electric Company was in the process of buying control of the local gas and electric company, the New Bedford Gas and Edison Light Company. We were needed for a particularly delicate piece of financial juggling. A majority of the common stock of the local company, representing voting control, was tied up in a voting-trust agreement under which the owners would not sell for less than $125 per share. This was a pretty stiff price. Other holding companies wanted to get control of this good little operating company, but none of them except the Associated Gas and Electric would pay $125 a share—several holding companies had offered to buy control by exchanging their own securities, but the trustees were holding out for cash.

Finally the Associated Gas and Electric agreed to pay $125 a share—cash—but it asked time to examine the local company's plants, equipment and books to see if everything was as represented. We of the Customer Ownership Department were then called in to do our black magic while the engineers and auditors stalled along for six or eight weeks. We had a list of all stockholders in the local company, giving names, addresses and number of shares held. Our mission was to call on each stockholder and try to persuade him to accept some of the company's securities for his stock in lieu of cash. This exchange offer we were supposed to sell as being a better deal for the local stockholders than taking cash, and of course the more exchange offers we persuaded them to accept, the less actual cash the company would have to pay out in purchasing control. We could issue as many of our own securities as we could obtain orders for.

In Exchange for the Kitchen Sink.—In arranging its financial set-up the Associated Gas and Electric Company has brought out dozens of different kinds of stocks, bonds, debentures and cross-bred mavericks that defied analysis. But the security we were offering in exchange for the stock of the local operating company was a brand-new one. It was called an "Interest Bearing Allotment Certificate" and for short was referred to as an "IBAC." It was a sort of debenture. It was supposed to rank ahead of the poor debentures we had recently sold, but it came after all of the many bonds listed among the funded debt. It was supposed to be so good it could only be purchased with a new issue of "rights" which the company put out at this time. Every stockholder received these "rights" in proportion to his holdings, and with so many "rights" you could buy one certificate. The price of the certificates, exclusive of the cost of the "rights"—which were also generously sold to anybody who wanted to use them to buy certificates—was $120. They paid $8 interest a year, so the yield was 6 2-3 percent.

The certificates had all sorts of conversion privileges embodied in them. The holder could exchange for various kinds of preferred stocks, other debentures, common stocks—in fact, for everything but the kitchen sink. The company could call for compulsory conversion into other, lower interest-bearing securities, and did so later on to the great dissatisfaction of the unfortunate holders. There were so many conversion possibilities to these certificates that a local newspaper described them as being convertible into "one of this, two of that, half a dozen of something else, a jack-knife and a peck of potatoes." We were told to offer one of these certificates for each share of the local utility company's common stock in lieu of the $125 to which the owner was entitled if he demanded it. If he didn't want the certificate we had an alternative offer of preferred shares in the Associated Gas and Electric Company's sub-holding company which operated in that territory. These sub-holding company preferred shares in turn were convertible into common stock of another sub-holding company which operated farther south. The whole thing was so intricate and involved it would take a corps of Philadelphia lawyers a lifetime to figure out half of it.

How I Won a New Hat.—The affair created quite a disturbance in New Bedford. One newspaper and one bank were on our side, and the other newspaper and the other bank opposed us. The bank opposing us, which was larger and more influential and was also trustee for the voting trust controlling the local utility company, advised everyone who asked its opinion not to accept our offer but to demand cash. Of course the company was compelled to pay cash to all who insisted upon it. Subsequent events proved the bank to have been right in advising stockholders to take cash, as the certificates later dropped to less than $30 in the open market. But in those days the poor deluded salesmen were indignant at the "obstacles" being placed in their path.

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The battle raged for six weeks. Our vice-president and treasurer, the man whose genius guided the destiny of $1,100 million in company assets, considered our work so important that every afternoon between five and six o'clock he would call from New York to find out how things were going and how many exchanges had been made that day. We worked on the officers and directors first. One of the officials of the local company owned eight or ten thousand shares and, as he was eager to remain in office and stay in the good graces of the big company, agreed to exchange one thousand shares of his stock for our certificates. We called upon every stockholder in town and finally wound up with one or two million dollars in exchanges, if my memory serves me right, out of the total twenty or twenty-five millions involved.

One day our vice-president told the local manager that he would buy "the best hat in town" for the first salesman who got in one hundred shares of the local stock in exchange for certificates. I happened to turn this trick, but I had a lot of trouble collecting. I made the sale, or exchange, to a stockholder we shall call Mr. Brown. When I first called upon Mr. Brown, one afternoon, I found him gloriously drunk. Before I could introduce myself he invited me to come in and have a drink. I accepted. Mr. Brown had a whole case of excellent Scotch, some fresh oysters and some fresh little-neck clams. The result of this situation was that I spent the afternoon with Mr. Brown, drinking Scotch and eating oysters and clams. I tried to talk business but it was no use—he was only interested in Scotch and oysters and clams. When I finally got back to the office the manager was inclined to raise his eyebrows, but after I explained the situation he told me to keep on until I got the order.

The next day I found Mr. Brown drunker than before. After several days of this sort of strategy Mr. Brown had come to expect me as a regular guest, although the manager told me that if I got drunk again in the afternoon he would send me home. Mr. Brown's wife had also come to expect me as a regular guest and she carried on nobly with Mr. Brown in his pleasant activities. So presently I told them that I simply couldn't take a drink until we had consummated our business. Not trusting his own judgment while drinking, Mr. Brown called in his lawyer to approve of the transaction. The lawyer promptly got drunk too, and we closed the deal. Mr. Brown turned over 150 shares of the local utility company's stock, worth $18,750, and took in exchange one hundred of our certificates and fifty shares of the sub-holding company's preferred stock.

Having thus completed the exchange of the first hundred shares, I wanted our local manager to write to our financial Brahmin in New York, to tell him of my great achievement and remind him that he owed me a hat. But this the local manager refused to do, saying it would be "indelicate," so I wrote the letter myself. Back came a cordial letter, written in the same humorous terms I had used, a check for $15, and the great man's congratulations.

What became of Mr. Brown? Oh, he later committed suicide.

Things We Didn't Know.—Allow me to make a little explanation here, please. None of us had any idea that the big company was as shaky as it later proved to be, nor did we think at the time that the "Debenishures" and certificates and other stuff we had sold would later prove to be practically worthless. We, along with a lot of other people, did not realize that a contraction of only 17 percent in earning power of the big company's combined subsidiaries would entirely wipe out all earnings for several hundred million dollars' worth of securities we had sold to the unsuspecting public and bought ourselves.

The company's earnings as described in the first part of this article were computed on a consolidated-earnings basis, which is far different from an income-account basis.

The consolidated-earnings basis means the total earnings of all subsidiaries. Naturally, the subsidiaries cannot pay out to the holding company every penny they earn, consequently the "consolidated-earnings statement" is misleading in that the holding company does not actually receive all the earnings shown in the statement. It only receives what its subsidiaries declare in the form of dividends, or from what is known as "bleeding," which means taking income through the medium of "management charges," "construction-supervision fees," "auditing fees" and similar devices.

The Associated Gas and Electric system is past master at bleeding its operating subsidiaries. One particularly clever practice of the company was to charge its operating subsidiaries 2½ percent of their gross income for "management fees," and also to charge the subsidiaries for the parent company's expenses in rendering the "management." This matter is discussed in a report of the Federal Trade Commission of its investigation of the Associated Gas and Electric Company: Senate Document 92, Part 45, page 1,454, as follows:

> The significance of the foregoing is that the Associated Gas and Electric Company (as well as Associated Electric Company) charged fees to its operating subsidiaries from November, 1924, to July 31, 1927, and yet the expenses of the company (which might be deemed the cost of any services which might have been rendered) were distributed to the operating companies, who, therefore, bore the costs of rendering services for which they also paid fees.

Minority stockholders in the operating companies receive none of this income derived from "bleeding." The holding company can take its income this way instead of through dividends, and thus freeze out the helpless minority stockholders.

There were many things going on in the big company's complex financial set-up of which we were

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totally ignorant. One thing which has since come to light, however, I want to describe to you. Perhaps you were one of the victims.

During the first part of 1929 the big company bought control of one of the nicest, cleanest, most ably managed public-utility groups in the entire country. This was a medium-sized holding-operating company with plants in New York, New Jersey, Pennsylvania, South Carolina and Florida, namely, the General Gas and Electric Company. It was so well set up that it was almost an operating company, with none of the usual holding-company abuses.

As soon as the big company obtained control, it "bought," and I say "bought" advisedly, all the plants and franchises in New York, Pennsylvania and New Jersey, giving the new subsidiary in payment some of the big company's Class A and $5 preferred stocks and debentures. This practically transformed the new subsidiary into an investment trust holding its parent company's unsecured debentures and junior securities—which are not now paying any interest or dividends and which have sunk in market value to about 2 percent of par value. The remaining plants in South Carolina and Florida were quite small and inconsequential. What was the result? The preferred stockholders, who formerly held a good safe preferred stock in a holding-operating company which, if let alone, would still be paying dividends, had the pleasure of seeing those dividends passed and the stock declining to a tiny fraction of its former value, while the unfortunate holders of the Class A stock now see it quoted on the New York Stock Exchange at one dollar per share. CHARLES B. KEFAUVER.

Spooks—Made in Germany

AS THE affairs of the world grow more critical, the currents of propaganda, open and secret, for purposes generous or sinister, run stronger and stronger. Once more the great powers of Europe find it to their interest to cultivate and create a favorable public opinion in the United States—as always, with large, ulterior ends in view. Again they are arming as in the great days before the World War. The scenery has changed; the spirit remains unchanged, except that the middle classes, who were primarily responsible for the World War, are now challenged by the specter of revolutionary Russia. Despite the sweet cooing of Chancellor Hitler, flaming apostle of peace, Germany is being remilitarized in the spirit of the passionate addresses which he delivered before he came to office. And in rearming, Germany, at the moment hopelessly isolated, needs friends. Friends, Hitler seeks by making Russia his enemy, by posing as the giant who saved Europe from Bolshevism, by raising the Communist spook on the Western Front, by directing attention from his tyranny at home to the threat of tyranny from Moscow.

In crushing German democracy, seizing the loot of office for his followers, and persecuting the Jew, Hitler needed an excuse, justification and apology. The excuse was created. It struck at two groups of opponents, the Jews and the Communists, by linking them and portraying them as the enemies of the dear Fatherland. In making the assault on Jews and Communists, Hitler has allies. One is the General League of German Anti-Communist Associations, for which Dr. Ehrt is the vociferous spokesman.

Shortly before the opening of the Reichstag fire trial, Dr. Ehrt issued a volume entitled "Communism in Germany,"[1] copies of which were handed around to foreign as well as to domestic press correspondents on September 12, 1933. The burden of the argument of this volume is that the Communists had planned to start an uprising in the demilitarized Rhineland, assassinate Hitler and von Hindenburg, seize power by armed violence, and establish a dictatorship of the proletariat. According to the "revelations" of Dr. Ehrt, also, the military direction of the revolt was in the hands of a Russian Jew named Wollenberg, and the burning of the Reichstag was to be the signal for the Red uprising throughout Germany. Such was the Red plot disclosed by Dr. Ehrt, as Sherlock Holmes, apparently untroubled by the fact that the Reichstag fire signal was not followed by any Communist outbreak, either general or local.

As reported in Das Neue Tagebuch (an exiles' journal), for September 23, 1933, the German Propaganda Ministry fostered the publication of Dr. Ehrt's alleged revelations under the title of "Bewaffneter Aufstand," and the German papers of September 13, under instructions from the Ministry, carried a big spread announcing the book and containing extracts headed by the following introductory sentence: "The material [of the book], based exclusively on official sources, is extraordinarily exciting and, with few exceptions, hitherto unknown to the public." Hitler's own organ, the Völkische Beobachter, and the Kölnische Zeitung printed this declaration in black type. But evidently there was an immediate boomerang. The very next day the Kölnische Zeitung published the following announcement: "In reply to various inquiries, the Prussian Press Service flatly declared that official material had not been placed by competent Prussian offices at the disposal of the book, 'Bewaffneter Aufstand,' issued by the Eckart publishing house."

The origin and history of the volume are thus clouded by mystery. It was fostered by the Propaganda Ministry. It was, according to official announcement, based exclusively on official sources hitherto unknown, except for a few matters. Then the next day it was officially announced that no responsible Prussian officials had placed official materials at the disposal of the author. It was official.

[1] Communism in Germany: The Truth About the Communist Conspiracy on the Eve of the National Revolution, by Adolf Ehrt. Berlin: General League of German Anti-Communist Associations. 179 pages. No price given.

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It was not official. What was it? Probably few in the United States, except Ambassador Luther, know what it was or is; but at all events it is now circulating in this country. The American edition was printed in English in Germany. Sheets, it appears, were imported into the United States and bound here. Who paid for printing it? Who, if anybody, paid the tariff on the imported sheets? The Honorable Samuel Dickstein might well inquire into these details.

Whoever may have paid for publication and importation, the American edition appears with the sponsorship of a group of American citizens. Its appearance was timely: the American group of sponsors warns Americans that the recognition of Russia is now on the carpet, that the "subversive methods and objectives of the Communists in Germany are the same as are employed in the United States by those enemies of civilized nations," and that our citizens should "demand more effective measures of defense for our system of government, and our moral and social standards." Among the American sponsors are some swivel-chair army officers, of the Colonial Dames variety. Among them also are those once-famous Red-baiters, Ralph M. Easley, Hamilton Fish, Jr., and Archibald Stevenson, who are now trying to lift themselves again from their appropriate obscurity into the public gaze. For the benefit of the younger generation that never heard of these three heroes of the paleozoic age, it should be said that in the magnificent era of Warren Gamaliel Harding, Harry Daugherty, William J. Burns, Albert Fall, Gaston Means and "silver-plated" Clayton Lusk, these three, Easley, Fish and Stevenson, were saving the Constitution, branding as traitors American citizens who entertained "liberal" thoughts, investigating, snooping, wailing, gnashing their teeth, supporting raids on the offices and meeting places of "radicals," and rushing into print with alarming stories of Bolsheviks under every bed. Now that President Roosevelt has recognized Soviet Russia, they rise from the dead, these mighty three, and shake their ghostly fingers at the Red spook appearing in Washington. Each of them, as Artemus Ward would say, is "an amoosin' cuss." But in their blood-curdling preface to this mysterious book coming out of Germany, they do not tell us who paid for printing the book, importing it and circulating it.

Such are the pure and honorable origins of this volume sponsored by Easley, Fish, Stevenson and Company, and calculated to stir up antagonism to the policy of President Roosevelt and do duty as Nazi propaganda at the same time. In itself the book is of little importance, even less than its sponsoring committee, but it deserves some consideration as an indication of Nazi propaganda tactics in the United States in the coming days. What is the intrinsic nature of Adolf Ehrt's "Communism in Germany"? According to the preface, this work "is written in an impartial and scientific spirit." It is about an impartial and scientific as an article by Ralph Easley on W. Z. Foster.

There are undoubtedly many true statements of fact in the work. It reviews the history of Red activities from 1919 to 1933. A large part of that history is well known to students of German history in general. There has been a powerful Communist movement in Germany. Its development has been accomplished by many street brawls, parades, agitations, murders and counter-murders. All this is well known. The materials for the history of these events are abundant. The dire revolutionary threats of the Communists are well known to students of history. There is no mystery here. This volume presents a collection of more or less blood-curdling accounts and documents. Just as Senator Lusk's committee, at the expense of the New York taxpayers, discovered the horrible Communist Manifesto of 1848 in a New York City bookstore, so the author of "Communism in Germany" has discovered hundreds of stories in the German newspapers and police records. It seems to be certain that the Communists thought the Nazis capable of using extra-legal force in attaining power and that they were prepared to resist the Nazis and to employ similar tactics themselves. But the story of the plot for a general Communist uprising to be signalized by burning the Reichstag, as here told, is a dubious fabrication on which anybody interested in the truth of the matter will want to suspend judgment.

As a piece of history, therefore, this volume is not to be taken seriously. As a piece of propaganda, its upshot is that Hitler, in shining armor, stood like a hero in the flames of battle and saved the Western nations from the frightful Moscow, which President Roosevelt has just recognized. It would have been a better piece of propaganda for Hitlerism if the author had not displayed the customary Nazi savagery in dealing with the Jews. Mr. Easley or Mr. Stevenson should have given Ambassador Luther or Hitler a little private advice, warning them to stick to the Communists and steer clear of the Jews when serving up atrocity stories for the American public. The Germans horribly boggled their propaganda during the World War and they are in a fair way to do it again. They should employ an American mentor and editor as shrewd and accomplished as Mr. Ivy Lee. It will be all right with most Americans, including perhaps most American Jews, if the Nazis beat up the Communists, but beating Jewish bankers, merchants and professors is another matter. It is notorious that many Jews are not Communists, despite hints from Nazi headquarters. A competent public-relations counsel, like Mr. Lee, could make this clear to Ambassador Luther, and perhaps to Dr. Göbbels. Meanwhile President Roosevelt should have the Soviet Ambassador searched before admitting him to the White House, for, if Dr. Ehrt is to be believed, he might do something dreadful, if not personally, then through the agency of his typist.

CHARLES A. BEARD.

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Washington Notes

The Sprague Explosion—Blasting Out the Tories—The Stable Dollar—Ruffling the President

ONE THING made plain in Washington since Professor Sprague's letter is that neither his resignation nor anything else is likely to change the administration's determination to pursue to the end the Warren gold-purchase plan upon which it has embarked. Before he left for Warm Springs, Mr. Roosevelt emphatically let that fact be known to quite a number of people with whom he talked. He knew before he left that the Sprague resignation was coming. He had, it is true, tried to persuade the Professor to swallow his convictions and stick it out because of personal friendship. But that, it will be agreed, was too much to ask of any man.

Professor Sprague, as adviser to the Bank of England, had relinquished a position that paid him four times as much as the one given him in the Treasury. Few will doubt that Dr. Sprague did this out of a patriotic desire to perform what service he could for his own country, and in the belief that his financial policy was in accord with that of Mr. Roosevelt. Installed as official Treasury adviser, Dr. Sprague unquestionably sustained a shock when he discovered that the President had committed himself to a major financial policy without consulting him.

The Sprague incident in a few days will be old stuff, and it is the effect rather than the act or the reasons for the act that is important. One effect is to clear the decks, so far as the Treasury is concerned, of everyone not in complete sympathy with Roosevelt's policy, and that, I take it, will be regarded as a proper state of affairs. With Woodin, Acheson and Sprague all out, there are left no dissenters in the Treasury itself, except, perhaps, one of the Assistant Secretaries, and he is scheduled to be eased out a little later in an entirely unostentatious manner. Mr. Roosevelt is thus left free to pursue his financial plan without feeling that there are in his official family any "pull-back" fellows of the Tory stripe. His program may not be right, but at least there will be harmony among his fiscal advisers.

Another effect of Sprague's resignation has been to stimulate activity and organization among the opponents of the Warren plan. Following close upon the heels of Bernard M. Baruch's Saturday Evening Post article on inflation, Sprague's letter gave a real impetus to the anti-inflation fight in all parts of the country. It was hailed more or less as the opening gun in the currency war, and most of the richer metropolitan newspapers responded to it much as they did to the so-called Mellon tax plan back in the dear old days of Coolidge. That is, they all responded with the exception of the Hearst press, which supports inflation of the currency and which backs up the President all along the line, except in the matter of the N.R.A., which Mr. Hearst wants to dismantle and dismember.

Altogether Dr. Sprague created much more than a ripple in a number of directions, without, however, changing the actual situation in the least. The lines had formed before he spoke. It is possible that there may be developments within the next few days which will cause Mr. Roosevelt to shift his position, but no one thinks this likely and, I repeat, he is fully determined to give the Warren plan its complete test.

The atmosphere here is thick with guesses and rumors. There are those who are sure the stabilization step will be taken before Congress meets, and the fifty or sixty-cent dollar fixed. There are others who firmly believe the President has no idea of taking any such action until the prices of commodities reach the desired 1926 level, of which they are now short by approximately 30 percent.

February is the month in which many believe that definite action will be taken. However, that means that Congress will have been in session for a month before a fixed policy is determined. I know no one who doubts that if the President has not definitely ended his experiment with the dollar when Congress convenes, he will have serious trouble on his hands. If he has already fixed the dollar value, he will in all probability be strong enough to prevent any congressional tinkering with the federal financial policy, even though a majority favor an inflationary program much more radical than he desires.

It is impossible for me to believe that the President's veto will be overridden. Nothing can be passed over the President's veto in either Senate or House, except possibly a bill concerning the restoration of the veterans to the pension rolls.

Before he left for Warm Springs, the agitation against the Warren plan had begun to get on the President's nerves a little. For the first time, he showed some slight irritation with questioners at the White House press conference, though no one can blame him for that. Some of the questions asked at these functions are of such a trivial nature that one wonders how any President can bear them with complete patience. In other ways and at other times, Mr. Roosevelt let his annoyance with his critics and the dissenters within the administration become manifest. At the same time he made it equally plain that while a certain type of newspaper comment disturbed his equanimity, it in no way diluted his conviction as to the soundness of the course he is pursuing. Students of Mr. Roosevelt's character agree that there is a strong stubborn streak in his make-up, which develops under opposition. He might, they say, be persuaded, but he cannot be forced to give ground and the frontal attacks to which his policies are now subjected merely stiffen his belief in them. Further, in justifying his feeling about dissenters and critics, they ask what the man is expected to do? Sit still and permit assaults to go unanswered?

Of course there has, so far as I know, been little misrepresentation of Mr. Roosevelt—certainly not from the "corps of correspondents," which has been consideration itself. None the less, there is considerable force in the other two points made by his friends. What really has disturbed Mr. Roosevelt is the fact that the plan he has adopted depends for its success upon the federal credit. Any weakening of that is a very great danger. Both the dissenters and the critics, in his judgment, have tended to impair confidence in the federal credit, accelerate the flight of the dollar into foreign investments and diminish

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his chances of success. If the attack was not checked, he felt his program could not have a fair chance. Accordingly he took certain steps to check it, some of which were effective and some not.

T. R. B.

Washington.

Other People's Money

Bad Smell in the Cabinet—N.R.A. Goes Right—
How Truscon Steel Paid Its Debts—
The Dear Old R.F.C.

I TAKE the liberty of printing the following telegram which I have sent to the President:

> I have just read with amazement of the appointment of Mr. Earle Bailie as "special assistant" to the Secretary of the Treasury under Mr. Morgenthau. Let me assure you that many of your well wishers who looked for so much from the New Deal join me in a sense of indignation. It is only a few months ago that Senator Hiram Johnson was exposing the machinations of Wall Street bankers in connection with South American financing. One of the most reprehensible incidents in all that sorry tale was the conduct of the house of J. and W. Seligman. Senator Johnson brought to light the payment by that firm of something like $415,000 to the son of the Peruvian President, Juan Leguía, which the Senator denounced as bribery. Is it not a little shocking to see a partner in that firm, Mr. Earle Bailie, and the most active director of its affairs in South America, named as "special assistant" to the Secretary of the Treasury? What confidence can we have in the protestations of a new deal and a new day if the very men who were the soul of the old deal are singled out for posts of honor and power in the new? I beg you to scrutinize this appointment and act upon it before it has the effect of still further undermining confidence in your administration.

Here is a little story which speaks volumes. The State Savings Bank of Royal Oak, outside Detroit, was one of the banks which closed its doors in the great moratorium in Michigan. A committee of depositors made an examination of at least part of the bank's affairs. They furnish me with the following statement of the loans made to officials and directors:

	Loans	Deposit
President	$15,001.33	$11.42
Vice-President	14,482.40	5.75
Vice-President	21,278.89	2.50
Auditor	2,913.04	.42
Directors and associates	747,268.88	17,946.62
Corporations controlled by directors	668,984	not given

This was just a little bank, but it will be plain that the arts of higher banking were not unknown in Michigan.

One of the strangest by-products of the N.R.A. episode was the manner in which many liberals and radicals were fooled into supposing that it was in some way a move to the left. The prominence which the quarrels about collective bargaining assumed at first assisted in this deception. They completely obscured the more solid purposes of the N.R.A. And they served to put across another very thin deception, namely that General Johnson was in some way an ally of the left-wingers. Slowly the radicals and liberals have been emerging from this illusion and each week sees the blustering General giving them some new grounds for disillusionment.

From the first it has been apparent that the N.R.A. was nothing more than the adoption by the government of the Chamber of Commerce's long agitation for self-rule in industry. There was a concession by which child labor and sweat-shop wages were eliminated—which it did not require the N.R.A. to bring about. The N.R.A. was adopted as a means of defeating a far more effective method of doing these things. Codes having been adopted, the administration of them has been turned over to the trade associations. The Chamber of Commerce has been demanding of the General that he enlarge the part of the trade associations and diminish the part of the government in governing industry under the codes. Last week the General made a large concession to the Chamber on that point. He set up a committee representing industry to deal with the subject of compliance with the codes.

Furthermore, in setting up the National Bituminous Coal Industrial Board on which the industrialists have nine out of the seventeen members, Johnson has refused to appoint any representative of organized labor. Industry will have one more vote than the government and labor will have no vote. This is the Chamber of Commerce's idea and General Johnson's idea of self-rule in industry. This is how it is being done now when the halo of a great reform shines around it and when all that is done gets plenty of airing. What will be its course when the subject disappears from the newspapers and when, should it become a fixture in our system, a fine man like Calvin Coolidge should become President again?

A sweet example of a stock-market operation in which a corporation engages in a little deal in its own stock just comes to light. The Truscon Steel Company owed some money and wished to pay it, but had no funds. It therefore carried on the following unique operation to get money. It borrowed 115,000 shares of stock from a few of its largest stockholders and proceeded to sell them, using the funds to pay its debts. In May, when this operation was being discussed, the market price of the stock was around 4½. There was little or no trading in the stock—a few hundred shares a day. But in the first days of June, trading very suddenly gets quite brisk—8,800 shares in a single day and the price goes to around 7. This was undoubtedly in preparation for what was to follow. June 8 the company borrowed the first 55,000 shares in the deal above described and then gave an option to a market operator on 35,000 shares of them. It was now his business to get rid of them in the market and at a profit to himself. But you cannot take 35,000 shares out into a market which is already inactive and in which the price is already low and sell them without breaking the price. Yet somehow these 35,000 shares were sold and the price went up. Immediately there

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was great trading. Suddenly the sales in a single day reached 33,900. The trading continued brisk for several weeks. The price went as high as 12 5/8 and then at the end of July dropped down to 5 1/8. The new buyers of the stock had a lot of stock worth immediately one-half what they paid for it, but the corporation had its money to pay its debts. After all, this is a tricky world and the prize apparently is to the smart. But evidently buyers of stock, after all the lessons of the last four years, have not yet learned that they are not so very smart.

My old friend the R.F.C. is on the carpet once more. This time the Senate wants to know something about the loans to certain mortgage companies. The story will turn out to be not a very pretty one. I got some inkling of it on a recent visit to the Middle West. One of our large banks was in trouble. Its officers had been having a grand time lending its funds to themselves and their friends. They needed several millions. And they arranged to get it from the old reliable R.F.C. However, they did not want anyone to know they were borrowing this money. If they got it on a loan, the loan would show up in their statement. Banks do not like to expose themselves to that. A competent judge of banks, looking at a statement, always runs his eye down the column to see if there is any item in the "bills payable" account. Banks are not supposed to have bills payable—save minor sums. Banks are supposed to be lenders, not borrowers of money. In order to borrow these millions from the R.F.C. and at the same time conceal any sort of loan from their depositors, they pulled off the deal, with the assistance of the R.F.C., in the following manner. They organized a mortgage company. The R.F.C. loaned the money to the mortgage company. The mortgage company "bought" from the bank a bunch of mortgages. The bank then had the money, but it showed up as cash without any offsetting "bills payable" item against it. Thus the R.F.C. aided the bank to deceive its depositors. The deception cost many people a good deal of money. For they continued to deal with the bank, to put fresh funds into it, and then the bank closed anyhow. How much of this sort of thing was there? JOHN T. FLYNN.

Orta Oiunu, Meddah, Karagöz

The Turkish Theatre, by Nicholas N. Martinovitch. New York: Theatre Arts, Inc. 125 pages. $3.

MR. JOHN CHAMBERLAIN, in one of those daily reviews that he is writing for The New York Times, made recently an observation so right that its opposition is assured and so obvious that a large number of literary theorists are certain to dispute it. Since he remembers his aim, Mr. Chamberlain has no need to redouble his efforts. Good sense is his quiet heritage and he is content to leave it so, where others, with their hot applications of half-sense-half-nonsense, burn and scratch. It seems that Mr. Granville Hicks in his study of American letters, "The Great Tradition," has, by implication, urged the American novelist's eye toward the mine, the shop, farm, breadline, etc. But what misdirected admonition, Mr. Chamberlain says, it would be to send Proust to the Milo Reno farmers on strike, to sick Thomas Mann on the Thompson Mill, etc. "A novelist cannot summon new roots for his work out of thin air. One's subject material is a matter of fortuitous and slow saturation, and the process of saturation is largely imponderable, a function of the chance of one's birth and circumstances. . . . A bourgeois birth makes a bourgeois writer, as far as the reference for character and action goes. The implications of one's philosophical attitude are, of course, another matter, but these have nothing to do with the factory, the coal mine and the spots where the tall corn grows."

I hope there has not already been so much in Mr. Chamberlain's experience as to surprise him that his remarks are recognized as both wise and happily expressed. But he may be surprised to see my application of them to the Turkish theatre. The application, however, is fruitful. Professor Martinovitch has written a book—the only one in English that I know of, though there are more than a hundred in other European languages—about the popular theatre in Turkey. This is a form of theatre that the modernization, or whatever you like to call it, of the Turkish world in recent years is, almost by definition, dooming to gradual disappearance. It is, moreover, a folk theatre. Such theatre has two aspects. One is—this is where Mr. Chamberlain enters the scene—that it remains more or less itself, but, though not changing fundamentally, is at the same time perpetually "subject material" and is qualified by what is in essence the "philosophical attitude" of its creators. They are, in turn, themselves products of place, epoch, public issues and so on. Folk theatre, as the Turkish government long ago saw, may lead to folk action; and during the nineteenth century especially, as well as later, a strict censorship and regulation were enforced. Sultans and counselors assumed, apparently with ease, the esthetic principle that Mr. Chamberlain has been obliged to discuss. They knew that there might be fifty coal strikes, many thousand unemployed and a million goats unmilked or their milk poured into the Bosphorus protesting the low prices, that the Sultan himself might blacken many human feet with his autocratic bastinado, that there might be all these things and more, and that the folk theatre of the people might never allude to any of them (not one of its actors descending into the mines, or studiously standing in breadlines, or lying among the insulted goats) and yet make trouble. The twist given to some familiar presentation, the turn, the flying joke, might, speaking a language in art understood by the humblest spectator present, convey its comment and incitement. They knew that art needs not a hammer but only an alteration in some color or form or some slant to the implication, in order to be understood in its final manner of speaking. The fact that this folk theatre's roots are not summoned out of thin air makes its references for character and action all the more convincing and its attitude more telling. I trust it will not pain Mr. John Chamberlain to be thus compared to Sultans and Turks.

Leave now this critic, merely Turkey red, who appears to remember that proverb, rendered dubious by its classical first form, that art is long while life is short; who might slip into admitting that Jane Austen, in the midst of industrial wrongs over Britain, wrote her "Pride and Prejudice" about mere settled county families and achieved one of the few masterpieces in English fiction; who might

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understand how, at the very height of the battle between the classic and romantic, the mention of Desdemona's handkerchief instead of what it had always been called in the previous elegance, a fillet, caused a riot in a great Paris theatre; and who might, even, point out that El Greco, forgetting the flies, tyrannies, fanaticism and American gold that were helping to wreck Spain, sat down and painted his "St. Maurice," which still, though we have screens against insects, tyrannies buttered over by publicity agents, and gold recalled from circulation, we feel the glory of. We must consider another permanence that the Sultans had no cause to worry over.

Such a theatre as this, native and popular in Turkey, affords, to an extent found in no other theatrical form or, shall we say, field, the whole art's basic elements: the relation of the actor to the audience (that submersion of all in the response necessary from the spectators); the modulation and sting and delight inherent in the permanent plots with their expected improvisation, according to the player's genius and the moment's pregnancy, mood or fillip; the foundation, as regards the control of attention, that lies in stage movement (which is to say acting is based on the dance); the typification of the characters and the endless variation on the type. Since the *commedia dell' arte* is long since dead, save in its fragmentary motifs, plots and, more definitely, characters—Punch and Harlequin, for instance, the yet surviving Turkish popular theatre affords its best alternative for study. The folk theatre of Turkey descends from or is kin to many lands, the Oriental forms, the Greek and Latin mimes, the Italian *commedia dell' arte,* and diverse others, not to speak of visual elements derived from Turkish miniatures, which in turn derive from India, China, Persia, the classic Greek, Byzantine Greek, Coptic and Arabic.

I will not say that this book by Professor Martinovitch is charming, or that it has any lambent or persuasive quality. But it affords a most admirable and easy record. It is all the more important by reason of the fact that, though the external history of Turkey from the fourteenth century has been assiduously studied and written of, the domestic, internal and artistic life, whatever its effect on other lands may have been, has remained almost unexplored. And in this connection it is worth noting that whatever writing about Turkey, with its history, plus its immense scope of literature, philosophic thought, poetry, etc., may have occurred, has concerned itself largely with Turkey proper, that is, the Ottoman Turks, whereas the Turkish people or tribes are scattered from north-eastern Asia to the Balkan Peninsula, not to speak of tribes living farther west in Poland. Besides minor idioms, there are something under forty dialects to the Turkish language.

The Turkish theatre divides into two quite different types: the literary, largely under French influence, of no importance here and very little there, and the popular. This popular theatre is of three types: Orta oiunu, Meddah and Karagöz. The Orta oiunu is first mentioned in the twelfth century; as its name implies, it is usually presented in an open square. The stage is oval, sometimes a quadrangle, ninety feet in length, sixty in width. There are two chief personages, and after these, comes *Zenne,* or woman, and after her, a whole *dramatis personae.* Many things about this form of theatre remind us of the Greek mimes; but the spirit and characterizations, the personages, are Turkish. Until late years all the roles were played by men.

Meddah, the second form of theatre, is based on the story-teller. Its origins are Arab. The histories of the Meddah artists are often glorious. The performance is usually to be found in some coffee house. Tales, such as are familiar to us in the "Arabian Nights," supply the substance for this theatre art.

The third theatre is that of Karagöz. It is a puppet theatre, the designs full of Chinese characteristics. The puppets are of camel's leather scraped thin, colored and lacquered, some of them based on Turkish miniatures, many of the older puppets so fine that they have passed into art collections and treasuries. By means of lamps they are projected from behind on to a transparent screen. Karagöz, the leading puppet, represents the common Turkish people stripped to their homely truths. He appears to be simple, naïve, crude, but has really great natural wit and cunning. The music for these Karagöz presentations is itself copious and inventive. Its melodies derive from Persia. Each motive is built on a special tune, each melody belongs to a certain puppet at a certain moment in the play.

The second half of the volume affords us versions of plays from these three types of theatre. Professor Martinovitch and Theatre Arts, Inc., in presenting this volume, have supplied students of the theatre with what, once they look into it, may well astonish them as material both necessary, unique and rich in general implication.

STARK YOUNG.

Labor and the N. R. A.

UNDER the leadership of the National Miners' Union, 2,000 miners at Gallup, New Mexico, have finally won an extraordinary victory in a bitter strike lasting three months. Employers used intimidation and terror of every sort to break the strike. The Governor placed the district under martial law and all civil rights, so far as strikers were concerned, were denied—though at no time was there any violence. All meetings and speeches were banned and anyone attempting to protest these rulings was promptly clapped into jail by the military. Robert F. Roberts, organizer of the union, was sentenced by a court martial to six months' hard labor, and Herbert Benjamin, national secretary of the Unemployed Councils was arrested for speaking on the miners' picket line and sentenced to a year in prison. In all, twenty-nine strike leaders were imprisoned. The state supreme court upheld these arrests by denying a writ of habeas corpus for Roberts and maintaining, in effect, that the Governor has the right to proclaim an insurrection, to impose martial law and to suspend constitutional rights—even though conditions do not warrant such drastic measures.

It was apparently only the solidarity of the workers that finally defeated these tactics of the employers and authorities. In the settlement the coal operators granted eight of the eleven strike demands, including the release of all twenty-nine prisoners! Two of the smaller coal companies recognized the N.M.U. over a month ago, but the present settlement includes the Gallup American Coal Company,

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largest in the district. The N.M.U., accordingly, now dominates the Gallup field, having won recognition of its pit committees and checkweighmen. The companies have also agreed that there will be no blacklisting and no discrimination in taking back workers. As we go to press, word comes that the settlement (which was negotiated by Major John Moore of the National Labor Board) has been jeopardized by the last-minute refusal of Brigadier-General Osborne Wood, commander of the National Guard, to release the strike leaders—who are military prisoners—unless they agree to leave the state and not return for a year. This they have refused to do.

There is irony in the news from Washington that the stenographers, clerks and office employees of the N.R.A. are organizing for purposes of collective bargaining with their employer, General Hugh S. Johnson. That they have genuine grievances can hardly be denied. Since the N.R.A. was first established, they have been forced to work extremely long hours—frequently from nine in the morning until nine and even later at night. For this overtime they have received no compensation, either in extra pay or in time off; and since they are on temporary tenure, they are entitled to no vacation. From time to time, it is true, they have been commended for their diligence, loyalty and sacrifice. But after six months the praise is beginning to wear thin—particularly in view of the drastic salary reductions, imposed a few weeks ago, amounting to 25 percent or more. In some cases the pay is now as low as $10 per week. Government officials, it is felt, have exploited the buyers' market in white-collar help.

Thus it is not surprising that the organization of the new union—Local 91, American Federation of Government Employees—has struck a responsive chord. Answering a circular headed "It's Our Turn to Bargain Collectively," about 200 of the 1,100 N.R.A. employees have already signed up and paid their dues. The union is asking for a thirty-nine-hour week, a seven-hour day, and Saturday afternoons off "as enjoyed by government employees generally and established many years ago." A resolution passed at the first meeting of the union points out that "there are thousands of unemployed persons now on the Civil Service rolls, who might well be engaged to the end that employment and purchasing power may be increased, and that the burden of overtime work in the N.R.A. be alleviated." The union is also protesting the recent classification of work grades within the N.R.A., which lowered the pay scale of some groups considerably—reductions quite apart from the straight 15-percent "economy" cut which has just been applied to the N.R.A. staff. (N.R.A. officials with salaries of more than $4,000 were exempted from these salary adjustments.) The management has been presented with the union's resolutions but has made, as yet, no comment.

There have been many guesses as to the effect of the N.R.A. and the recovery program on purchasing power. A careful study, which Frederick C. Mills has prepared for the National Bureau of Economic Research, gives us the first accurate picture of the period from February through September. In substance, Mr. Mills' study confirms the general impression that there was a real gain in purchasing power for farmers and employed workers from February to the middle of summer; since then the rapid rise in retail prices has reduced real purchasing power. The reversal in trend was accompanied by falling farm prices (between July and September) and by a decline in actual per-capita earnings of employed manufacturing labor (between August and September). Mr. Mills estimates that the average per-unit purchasing power of farm products rose from 53 in February to 77 in July—a gain of 40 percent; between July and September it dropped back to 65—losing exactly half its previous gain. In these index numbers July, 1929, is taken as 100. *Real* per-capita earnings of employed manufacturing labor rose from 90.4 in February to 95.3 in August and then declined to 93.6 in September. Thus the higher cost of living has offset, to a considerable degree, the higher rates of pay which may be attributed to the N.R.A. codes.

The balloting last week at the "captive" coal mines demonstrated once more the strong sentiment of the miners against company unions. In eight elections supervised by the National Labor Board in the Pittsburgh district, the miners elected members of the United Mine Workers as representatives by about a sixteen-to-one majority. The total vote was 2,911 for the U.M.W. and 196 for the company organizations. In similar elections held in twenty-nine mines at Uniontown, the miners cast 9,929 votes for the U.M.W. and 4,045 for the company unions. In nine of the mines, however, where company unions won a majority, the vote is being protested to the National Labor Board. In these mines—owned by the H. C. Frick Coke Company—it is charged that the miners were not allowed to vote freely. Two observers at the election—Jesse Lloyd O'Conner, secretary of the American Civil Liberties Union, and Rose M. Stein, secretary of the League for Social Justice—have informed Senator Wagner that "terrorism, intimidation and reported attempts to buy votes invalidate the election at these mines."

CORRESPONDENCE

The Threat of the White Guards

SIR: The day (November 18) that the press of the world printed the news of the recognition of the Soviet Union by the United States government, the White Guard émigrés in New York staged, under the heavy protection of the police, a demonstration of protest against this vital move in the interest of world peace.

This was the culmination of the campaign against recognition carried on in the White Guard press here. When recognition became a fact they immediately set to work to do all they possibly could to start a campaign of disruption of diplomatic relations. No honest, well informed person can read the violently anti-Soviet propaganda of these émigré Russian aristocrats without contempt for their manifest disregard for the truth. But few Americans realize how widespread and how dangerous the White Guard activities are. Let us give your readers some facts:

These organizations of former Tsarist officers and Russian aristocrats, capitalists, landlords and other remnants of the Tsarist regime, under the leadership of the Brotherhood of Russian Truth, are openly soliciting funds with the stated purpose of aiding White Guards in Manchuria, who are lending themselves as tools of Japanese imperialism. Further, these counter-revolutionary Russians boast of their conspiracies against the Soviet government. Arson, wrecking and assassination, to be followed by imperialist

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intervention, are advocated by the "Bulletin of the Central Committee of the Brotherhood of Russian Truth," as well as by The Fascist, The Russkaya Gazeta, Rossiya, Novoye, Russkoye Slavo, all White Guard organs in the United States. Their avowed plans include the organization of an armed uprising against the Soviet government, the assassination of Soviet officials both inside the Soviet Union and in capitalist countries, a widespread espionage system, the fabrication of forged documents and other measures intended to involve the Soviet government in conflicts with other governments. . . .

Similar anti-Soviet plots have been uncovered in the Soviet Union upon numerous occasions during the past sixteen years, notably in the 1930 Ramzin trial and the trial of the British engineers last year. Thus there is some basis for the White Guard boast that they have already caused some damage to the national economy of the U.S.S.R. The White Guard plots are no specter, no invention of a fevered imagination, but a very real threat.

The Brotherhood of Russian Truth has recently been joined by the newly formed "general staff of Russian Fascists," which is a subsidiary of the ROND—the League of Russian Nazis. Their activities were intensified when the prospect of recognition gave all evidence of becoming a reality. During negotiations, the White Guards (pretending to speak in the name of tens of thousands of Russian-American citizens) sent telegrams to the President of the United States opposing "negotiations with Soviet murderers" and imploring the United States government "in the name of Christian civilization" to abandon negotiations with Litvinov.

The Friends of the Soviet Union, including among their members thousands of Russians, Ukranians, Jews and others of Russian birth or extraction who are working in the United States, protest vigorously against the slanders of these émigré White Guard Russians. . . . Recognition by the United States government has increased interest in the Soviet Union and gives us great opportunities to spread accurate information about what is happening there, and to combat the activities of the White Guards and others hostile to the first workers' republic.

LISTON M. OAK,
New York City. Editor, Soviet Russia Today.

Why "Modern"?

SIR: The Museum of Modern Art in New York City has staged a one-man show for Edward Hopper. By so doing it has signally honored a naturalistic, realistic painter whose work, in its viewpoint and procedure, is the reverse of that which characterizes the modern movement.

Why does the Museum so mix its standards, so confuse the issue between two irreconcilable schools? Is it a case of tolerant hospitality, of a deliberate policy of recognizing no standard of judgment of "modern" works, or, God save the mark, can it be a case of severed experience-relations with the qualities which make the Cézannes and Modiglianis of their other exhibitions "modern" instead of academic?

The word "modern" as applied to pictures *has* acquired an international definition more specific than its contemporary implication. Leaders of the movement in Europe, Mexico and here, in fact, the entire spirit of the age, outside as well as within all the arts, have combined to write that definition. And there are certain aspects of the new viewpoint that can be and are agreed on internationally by those who are in the know.

The modern work, for instance, definitely breaks with all transferring of actual appearances from nature to the picture—all copying or mere reporting of facts. It recreates all data into an invention. It organizes all the materials and concepts of those data into a *form*. It treats its subject symbolically, rather than naturalistically. The integration of spaces, colors and forms weaves into a plastic or controlled picture surface which is the opposite of the copied chaos of line, space and form in nature.

Everybody who *knows* the modern movement, knows these characteristics and sees the tie-up with the other designed works of history from the Stone Age to the Italian Renaissance. Everyone knows, or should know, that these attitudes and procedures are the opposite of those involved in copying. Yet the Museum of Modern Art has given over three floors of its building to showing works which essentially copy the facts of nature.

True, Hopper is not an abject copyist. He simplifies, eliminates, transposes and heightens the natural effects. He progresses beyond naturalism, that is to say, into realism. "My aim in painting," in his own words, "has always been the most exact transcription possible of my most intimate impressions of nature. . . . The trend in some of the contemporary movements in art, but by no means all, seems to deny this ideal and to me appears to lead to a purely decorative conception of painting." From which we see that his inherent mental process is one of reporting the actual shadow, sky, body, roof or engine without any of the fundamental reorganizations that make modern art what it is today and that seem to him to be "merely decoration."

His subjects are replicas rather than symbols, his colors and spaces are statements describing a wall or a stretch of sky, and not also interweaving spots or areas that harmonize into the chords of visual music. And his forms, though they do exist in deep space, do not relate, as forms, to each other.

It is these lacks that place him definitely outside the modern school, and as definitely within the academic. The directness and assurance of his realistic statements and the healthy choices of his typically American subjects may possibly compensate for these lacks in some opinions, but they certainly do not eliminate them. My point is that the lacks are there, that they automatically exclude Hopper from the title "modern" in its modern meaning, and that the Modern Museum has put itself into a position that needs explaining.

Is it a museum of modern art or is it something else? If the former, which of the three eventualities explains the dereliction from the modern meaning of its title?

Mr. Barr, in his introductory article, illuminates the museum's critical attitude by favorable comparison to Breughel, Cézanne, Corot, certain Italian primitives and Meryon, all of whom, except Corot, were creative reorganizers and designers and therefore what Hopper condemns as "decorative." He praises his "intensity of light," "handsome color," "form," "interplay of blocks and angles in buildings," his "matter-of-factness" and his "pictorial drama." And he speaks of complicated rhythms and counterpoint in the etching "The Railroad," which, from the modern viewpoint, is an out-and-out copy of tracks and telephone poles which, in nature, happen to be in counteracting positions.

I prefer that my readers should appraise the critical standard back of these comments.

New York City. RALPH PEARSON.

SIR: You have sent me a proof of Mr. Pearson's letter to answer but you have really answered it yourself brilliantly and succinctly by the heading "Why 'Modern'?" Any expansion which I may make of this excellent caption must not be taken as an official explanation of the Museum's position—but merely as personal comment.

Mr. Pearson by means of quotation marks has tried to transform a popular and temporary implication of the word *modern* into an academic and comparatively permanent label. He believes that "leaders of the movement" here and abroad would agree with him in asserting that the modern attitude towards art consists primarily in emphasis upon formal design.

Looking back from the year 1933, anyone with a sense of history must realize that painting in the first quarter of the twentieth century veered to an extraordinary degree toward the direction which Mr. Pearson indicates in his letter. This was a natural reaction both to Impressionism (which was "modern" thirty years ago) and to the academic-popular story pictures of the same time. But the reaction was carried to an extreme. By 1915 some painters had achieved such purity of design that they were working with ruler and compass. By 1920 several of these purists had (literally) painted square canvases in pure white or black, thrown them (figuratively) out the window and turned to something really interesting such as photography or architecture. Of course, the main corps of advanced painters and critics did not go so far; they tolerated some impurities; but though they painted—or admired—pictures of apples or Madonnas or nudes, they fixed their attention, like Mr. Pearson, on "plastic values" and talked of "organization" or "the integration of spaces, colors and forms."

Naturally such formalism, which was itself a reaction, has generated new reactions. The pendulum has swung—in several

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directions, if the metaphor be not too strained. Fifteen years ago the Dadaists thumbed their noses at the solemn Cubists and Cézannists. Out of Dadaism has come Superrealism, which embraces a variety of values from the spontaneous scrawls of automatic drawing to the laborious hallucinations of Salvador Dali. Another reaction against formalism began, also about fifteen years ago, in the new movement toward objective realism; this attitude first became self-conscious in Germany, where it was known as the *neue Sachlichkeit.* Another and more recent interest has developed in story-telling pictures and in romantic moods of melancholy and nostalgia expressed through paintings of faces, figures, buildings and landscapes. The influential Mexican school of mural painters among whom the ex-cubist, Rivera, is a leader, emphasize in their work sociological and political values even more than esthetic. There is still, of course, great interest among most of these painters in "composition" and "organization"; but such technical problems are no longer paramount.

Someone, Mr. Stark Young or Professor Philip McMahon, should write a history of art by listing the critical jargon of each period—"objective realism," "factual," "anecdotic," "melancholy," "Romanticism," "sentiment," "picturesqueness," "nostalgia," are again fashionable, both as words and values. They are indeed enough to give the intolerant, significant formalists a clive-bellyache.

But to answer Mr. Pearson directly: Hopper is not a great colorist, not a great master of pictorial composition or invention, yet many people feel that his positive, vivid realism and the evocative or associative character of his subject matter, to mention only two of the qualities in his work, are some compensation for his lack of a passé overemphasis upon formal design.

I suppose that in the future, as it has in the past, the institution assailed by Mr. Pearson will continue to show the works both of Hopper and Modigliani, Dali and Mondriaan, Eakins and Cézanne. It will not so far as one knows become a Museum of "Modern" Art.

New York City. ALFRED H. BARR, JR.

P. S. Mr. Pearson gives several unintentionally false impressions at the end of his letter where he mentions "favorable comparisons" of Hopper to several great masters of the past. In the foreword to the Hopper catalogue, while discussing nationalism in art, I remarked that "Like Breughel, Hopper in his student days went to the art capital of the world in which he lived" but "showed in his mature work no vestige of his studies abroad." Elsewhere: Hopper had, "like Corot, Cézanne and certain Italian primitives, an alert eye for the interplay of blocks and angles in buildings." And, again: "Meryon's evocation of mystery and suspense in the blank windows of Paris streets is not unrelated to" certain of Hopper's pictures. Are these comparisons necessarily "favorable" to Hopper?

It's The Register and Tribune

SIR: In an article in The New Republic of November 29 ("Milo Reno and His Farmers,") I praised the journalistic enterprise of The Des Moines Register and Tribune in sending reporters out to visit farmers and discover their actual opinions regarding the problems of the agricultural area. To my regret, however, I reverted to the memories of my Iowa boyhood and referred to this paper by its former title of The Register and Leader. No doubt any psychoanalyst could find seventeen reasons, all highly discreditable, for this slip.

New York City. BRUCE BLIVEN.

Are We All Fascists?

SIR: I am convinced, after reading Mr. David J. Saposs's "Towards a United Front," in your issue of November 22 (page Leon Samson and other frontal frontists, united or otherwise), that my article "A New Radical Party," which you published in your issue of September 20, was highly prejudiced. I have a vested interest in Common Sense and in the "Common Sense group" (whatever that may be).

This being the case, I would like to read an attack upon the Farmer Labor Political Federation, not only by a conservative (Socialist) theoretician who counsels "diplomatic procedure," but also by a communist professor who can prove equally well that we are all fascists deliberately deceiving the masses in the interests of the capitalist class. SELDEN RODMAN,

New York City. Editor, Common Sense.

Dr. Florinsky's Book

SIR: It has been brought to my attention that the last paragraph of my review of "World Revolution and the U.S.S.R.," by Dr. Michael T. Florinsky [The New Republic, November 15], is open to an interpretation that I did not intend. I am sorry that there should have been any ambiguity about my opinion of an honest and able book. I should have thought it was clear that it was my duty as a reviewer to point out the difficulties of a non-Communist Russian exile in interpreting important Bolshevik attitudes merely from documents. Dr. Florinsky has surmounted these difficulties admirably, reaching the conclusions of an informed Moscow correspondent like Mr. Walter Duranty, as I pointed out. It is also undoubtedly true that his conclusions do not give the whole picture.

New York City. GRIFFIN BARRY.

Bombs or Bouclé Suits?

SIR: As an offset to Miss or Mrs. Walker's very brilliant and witty article, "We Do Our Part" [The New Republic, November 8], we wish she would visit and write an article about the women who in these distressing times are bending every energy to do their part and keep their homes and their children together and happy. Some of us even make our bouclé suits instead of going to movies and night clubs, and so help some woman who has set up a knitting shop to do her part and keep her home. Would she rather we made bombs, or sat smoking cigarettes?

GERTRUDE GOODSPEED.

Waban, Mass.

Extracts from Letters

JAY ENGLE of the Office Workers' Union, with headquarters at 80 East Eleventh Street, New York City, appeals to our readers for funds to carry on the work of organizing the white-collar class. The Union is in desperate need of a few hundred dollars and will gratefully receive any sums our readers will send to it at the above address.

The directors of the Carolina School for Workers, which was launched this month at High Point, North Carolina, wish to notify our readers that they will be pleased to receive any help in the way of funds, books, magazines, etc. The ultimate aim of the school, according to the directors' letter, "will be to develop a labor culture which will lead to the establishment of a co-operative society." The general procedure and method of study will follow that of the Highlander Folk School in Tennessee.

Felix Flügel, associate professor of Economics at the University of California, writes in to point out a discrepancy in Horace Taylor's review of Epstein's "Insecurity," which we printed September 27. He says that "Mr. Taylor repeats the astounding misstatement with which Mr. Epstein begins the foreword of his book; namely, that his book is the first comprehensive discussion of social insurance in twenty years." Professor Flügel points out that a book on the subject was issued this year—"Insuring the Essentials: Minimum Wage Plus Social Insurance," by Barbara Nachtrieb Armstrong. Professor Flügel states that Epstein must have had knowledge of this work as he drew upon it liberally and that in these particular sections of his volume there is "a fair summary of the facts" about social insurance. He also states that Mr. Epstein has almost completely ignored the subject of survivors' insurance and "actual information about effective legislation and its operation is confined to generalizations found in a single paragraph appended to a long discussion of conditions in American communities and mothers' aid statutes of the various states."

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BOOKS IN REVIEW

Fraternity in Art

THESE books[1] are strictly complementary. In "The Pre-Raphaelite Comedy" Mr. Bickley has confined himself rigidly to the core of the subject; in "Poor Splendid Wings" Miss Winwar has dealt freely with its enveloping atmosphere. The former is scrupulously factual; the latter extends the range of fact by exercise of the imagination, correlating the direct evidence of the written word with the undesigned testimony of the biographical record. The art of the psychological novelist is involved in this process, though Miss Winwar protests that her work is not fictionized history or biography, and assures us that "No statement is made, no scene depicted, that is not warranted by authoritarian sources, nor thought process extended that is not implicit in some phase of the subjects' work."

Mr. Bickley is concerned with Pre-Raphaelitism proper as a mode of painting, which first attracted notice in the pictures of Holman Hunt, Millais and Rossetti in the exhibitions of 1849, achieved a public triumph in Hunt's "Light of the World" in 1854, and thence passed to a brilliant but diffused aftermath. The facts that the Pre-Raphaelites seeking a technical method found inspiration in the painters before Raphael whose subjects were mainly religious, and that they held to the academic view that painting must deal in story or symbolism with subject matter of a spiritually elevating nature, made it natural to regard their work as an outgrowth of the revival of faith spreading throughout England from the impulse of the Oxford Movement.

Mr. Bickley points out, however, that Hunt, who was the initiator of Pre-Raphaelitism, refused to recognize its religious origin and objected to the reference to the new art as Early Christian. "It is simply fuller nature we want. Revivalism, whether it be of classicism or medievalism, is a seeking after dry bones." It is true, Hunt was a painter of religious themes, but "The Light of the World," as Mr. Bickley remarks, is distinctly a Protestant conception, and owes nothing to the Catholicism of Saint Francis or Newman. The essence of Pre-Raphaelitism as defined by Hunt was fidelity to nature, to be gained by the minute exactness of detail in copying natural objects advocated by Ruskin in "Modern Painters." This naïve realism made war upon the conventions of composition which had been drawn from the practice of Raphael and his successors. A technical device which Hunt owed to the early fresco painters was the priming of the canvas with white, which gave luminosity to the colors laid upon it.

These principles attracted Millais, already a painter of proficiency and promise, and Rossetti, who had barely learned the rudiments of the art, but whose proselyting enthusiasm drew four companions to join the original three in the Pre-Raphaelite Brotherhood. Soon it engaged the powerful patronage of Ruskin. In 1856 Rossetti made his incursion upon Oxford and gave leadership to his disciples there, Morris, Burne-Jones and Swinburne. Mr. Bickley regards this development as a new phase of romanticism, and finds reasonable Hunt's irritation that the Pre-Raphaelite name should be extended to it. As for the later "esthetic movement" of Pater, Wilde and Beardsley—"to the waters at which they drank, the pure source of Pre-Raphaelitism had contributed but the slenderest trickle."

All these developments are the substance of Miss Winwar's narrative. Her interest is not in the adoption of a new technique of painting but in the wide sweep of human relationships which resulted from it. Her hero is not the austere and solitary Hunt, who consented with reluctance to anything so formal as the Brotherhood, but the enthusiastic and volatile Rossetti, the magnet which drew together within its field so many spirits unattracted to each other. The extended scope of her tapestry, the diverse and brilliant human threads which go to its weaving, the fantastic patterns which they make, result in a biographical synthesis with material for a score of biographies and as many novels. This material, so far as the major characters are concerned, is sufficiently well known, for the Pre-Raphaelite Movement, like the Oxford Movement, has had the advantage of literary journalism of a high order, but Miss Winwar sets in due perspective the minor figures, James Collinson and Charles Cayley, the early and the later betrothed of Christina Rossetti, the picaresque hero, Charles Augustus Howell, the flame-devoured moth Simeon Solomon, the frustrated poet, David Grey.

The Pre-Raphaelites with their insistence on the faithful copying of nature were largely dependent on models, a fact which drew into their circle a number of extraordinary women who became foci of tragic forces. First of all was Christina Rossetti, her brother's model for Mary Virgin in "The Girlhood of Mary" and the "Annunciation," "who lent her sorrowful eyes for the face of the Savior in Hunt's 'Light of the World.'" Then there was Elizabeth Siddal, discovered by Walter Deverell in a milliner's shop. She became the model of Rossetti in "Beata Beatrice," and the mistress of "The House of Life," and in turn was inspired to poetry and painting under the sentimental patronage of Ruskin. Her death soon after marriage to Rossetti at the end of a long and torturing engagement brought the remorse which buried in her grave the poems she had inspired. Their resurrection ten years afterwards was the occasion of the brutal attack by Robert Buchanan in "The Fleshly School of Poetry," which made of Rossetti a victim of brandy and laudanum, and of Buchanan an outcast. There was Fanny Cornforth, the model for the prostitute in Rossetti's "Found," whose profane love long stood on his left hand over against the sacred love of Elizabeth, and finally conquered in the dark age of the poet's decline. Finally there was Jane Burden whose strange beauty burst upon the group at Oxford, who stood for Guenivere in Rossetti's contribution to the frescoes of the Oxford Union, and whom he resigned with a contemptuous gesture toward Morris: "I move that Topsy marry Janey to keep that stunner in the family." After Elizabeth's death Jane Morris took her place as Beatrice in "Dante's Dream." In that tangled skein of friendship, love, renunciation and half-fulfilment Miss Winwar finds the tragedy of Morris's life, the cause of th melancholy that permeates "The Earthly Paradise," of the restlessness that drove him to incessant activity. As Ruskin sought refuge from a tragic passion for Rose Le Touche in his Guild of Saint George, so Morris armoured his heart with Socialism. "Lacking one he gave himself to humanity."

After the Brotherhood was shattered by storms of jealousy and enmity, the original Pre-Raphaelites repudiated

[1] The Pre-Raphaelite Comedy, by Francis Bickley. New York: Henry Holt and Company. 276 pages. $2.50.
Poor Splendid Wings, by Frances Winwar. Boston: Little, Brown and Company. 413 pages. $3.50.

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it—Rossetti as "the visionary vanities of half a dozen boys," Hunt as "a tragic failure almost from the beginning," Millais as "a miserable mistake." Nevertheless it may be doubted whether the movement, which Rossetti admits was "serious enough," would have gained its prestige and influence without the force of association. Fraternity has been a principle of action in Christian ages as friendship was in classical. Jesus and his disciples, Saint Francis and his companions, Port Royale and the Oxford Movement come to mind in the field of religion; the Pléiade, the Literary Club, the Cénacle in literature. In the plastic arts such extension of individual power through personal conversion and coöperation seems peculiarly important as bringing the element of direct communication through language to the clarification and reënforcement of esthetic ideas, in the case both of the artist and his public. The Pre-Raphaelite structure, already crumbling, fell by the attack of a single individual, Whistler, but his victory was consolidated by a whole group of painters whose combined impact turned the world from the truth of detail to a more scientific realism and the broader treatment of appearance under light and atmosphere, in the impressionism of the school headed by Claude Monet.

ROBERT MORSS LOVETT.

The New Technology

The Power Age: Its Quest and Challenge, by Walter N. Polakov. New York: Covici-Friede. 247 pages. $2.

MR. WALTER POLAKOV is a type of engineer far more common in Germany than in America. He is concerned with the social and economic effects of the machine; he has been aware of the deflection of technics by business enterprise; and he has endeavored, over a considerable period of years, to grasp the meaning and value for society of the forces with which he works. One naturally turns to his little book on "The Power Age" for an intelligent interpretation of the possibilities of modern technics; and in the main, one is not disappointed.

Mr. Polakov's thesis is that we have passed during the last generation into a new phase of technics, characterized "by a different *kind* of machine, conditioning a different *kind* of production, which results in a different *kind* of economy and a different *kind* of social relations." Thanks to our new methods of converting and applying power, output is no longer proportional to working time. Typically, the new worker is not an active part of the process, but a supervisor of the machine which performs the work: such labor requires intelligence and judgment. Meanwhile, the problem of management has changed: instead of slave-driving the worker, or reducing him as Taylor did to a more deft automaton, the main concern of efficient management is the correct timing and spacing and ordering of the entire process of production. Because of the more extensive use of the electric motor, even the unit of operation and the arrangement of the necessary machinery has changed.

What has been the result? During the last ten years, the period in which the effects of the new technics began plainly to manifest themselves, an enormous increase of output per man-hour took place in the advanced industries. But because of our failure to distribute purchasing power among the body of consumers—though during the years 1930 and 1931 industrial dividends and interest had risen even above the level of 1929—this potential technical development has been brought to a halt. Mr. Polakov's special contribution is to show in terms of the internal development of technics the physical foundations for a new social order based on surplus rather than on scarcity. If the thesis was sound when Carver originally stated it, it is even more pregnant today. Together with Henderson's "The Economic Consequences of Power Production" and Mr. Stuart Chase's "The Tragedy of Waste," Mr. Polakov's little book forms a most useful guide for the layman on the actual practice and the potential achievements of the new technology.

Unfortunately, Mr. Polakov, in order to demonstrate the uniqueness of the present situation, has been driven to make a series of distinctions and to use a vocabulary which obscures rather than illuminates some of the elements of the change. He makes a sharp contrast between the Machine Age, which is dead, and the Power Age, which has supplanted it. But the fact of the matter is, as Ulrich Wendt pointed out a long time ago, that the critical change in the utilization of power came during the early Middle Ages. What Mr. Polakov calls the machine age was equally a power age: the important difference lies less in a quantitative increase in power during the last generation, than in a change in the *kind* of power.

The second weakness in Mr. Polakov's book lies in the fact that he places too much confidence in the belief that Power Age production eliminates the need for a social structure based on scarcity and "hence on exploitation and special privileges." Exploitation and special privileges are not necessarily based on scarcity: they may exist fulsomely, as the salary and status of so many of our financiers disclose, along with a general surplus: or they may be eliminated even though the scarcity should remain. "The power age," as a friend of mine has well said, "does not make any promises: it is the human spirit that makes and keeps promises." Hence there is no automatic salvation in our technology, indeed no salvation at all until we manufacture the means for controlling it in the common interest and directing it to humane ends. To say at the end, as Mr. Polakov says, that "it would be idle to speculate as to what type of control we are destined to develop" is to place a premium upon inertia; for it is precisely at the point that Mr. Polakov leaves the discussion, with a hopeful nod toward the N.R.A., that the big problems arise and the weightiest thinking must be done.

LEWIS MUMFORD.

Science and Mysticism

General Psychology, by Gardner Murphy. New York: Harper and Brothers. 657 pages. $3.50.

Modern Man in Seach of a Soul, by C. G. Jung. New York: Harcourt, Brace and Company. 282 pages. $3.

THESE two books, read one immediately after the other, reopen once more that often debated question: is psychology a science? Professor Murphy believes emphatically that it is—an experimental science of the first water, whose "clear and definite results" furnish the only correct approach to "the more complicated facts of social contact and personality." And in his "General Psychology" he offers us "a simple presentation of those psychological fundamentals regarding which experimental evidence has already given a verdict." These fundamentals he gathers not only from the psychological laboratory, but from anthropology, endocrinology, neurology, anatomy, sociology and genetics. He also includes quantities of statistics, charts and graphs, and some tasty photographs of such terrifying phenomena as a pretty young lady having her

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nostrils pierced by an olfactometer and a studious young man being confronted by "the Minnemann exposure apparatus for simpler studies of thinking and related problems."

It is a curious commentary upon all this evidence that only when Professor Murphy leaves his own particular field of experimental psychology, and begins to discuss such things as the effect of heredity and the influence of glands, does his book really come alive. Even the stereotyped diagram of the autonomic nervous systems seems more actual than the two photographs of twenty-one real children holding queer-shaped cones to their eyes so that their experimenter may judge their "sightedness."

As for the more strictly psychological facts themselves, each reader must decide upon them according to his expectations of the science of psychology. It may seem impressively scientific to the college students for whom this book is primarily intended, and very reassuring to anyone who has seriously doubted such matters, to learn that a person's breathing becomes irregular when he is badly frightened, that practice helps one in learning to throw a ball, that repeating words aloud is an aid to memorizing them, that we cannot always judge a person's character from his face, and that an inventor needs to reflect a bit on the goal toward which he is aiming. But how do such facts, however clear and definite, aid us in approaching what Professor Murphy calls the more complicated facts of social contact and personality? Where do they get us in understanding the riddle of human nature?

Dr. Jung apparently believes they get us nowhere, for though reverently included among the approved laboratory methods of "General Psychology" is the "free association test," which Jung invented years ago, the Zurich professor does not so much as mention it—or any of the other experiments which the American professor so patiently describes. Jung, indeed, is unwilling to consider psychology a science. "It is still," he says, "little more than a chaos of arbitrary opinions, the better part of which seems to have been produced in the study and consulting room by spontaneous generation from the isolated and therefore Jovian brains of learned scholars."

To Jung one of the most "regrettable" traits of many learned scholars is their reluctance to confirm the "actuality of the unconscious." But almost as distressing to him is the fact that most persons who do accept the unconscious as real, automatically accept Sigmund Freud's one-sided and altogether vicious interpretation of it. Though Jung believes that Freud, by dedicating himself steadfastly to exposing the muck and slime which lies hidden deep within the human mind, has proved himself one of the true idealists of his time, still he maintains that the Freudian theory of a wholly criminal and incestuous unconscious cannot ever be "a psychology of the healthy mind."

In his own practice he has had to abandon the technique of both Freud and Adler, because most of the people who have brought their psychic problems to Zurich from "all quarters of the civilized white world" are too old to be still tragically absorbed by sex and too well fixed in life to be ridden by inferiority complexes. They are competent, middle-aged men and women who seek Jung's advice because their lives seem so barren and the world so meaningless. It is through trying to understand their problems and his own that Jung has derived his concept of the truly modern man—a man who is superlatively conscious of his own time because he can draw no moral substance from the traditions of the past and no spiritual comfort from contemplating the future. For such a man orthodox Chris-

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tianity has long ago gone by the boards, and yearly he grows more skeptical of social and political reforms. His only solace lies in turning his thoughts from the outside world and back into the depths of his own psyche.

Jung believes that modern man has been forced to his utter disillusionment because the civilized human mind has exulted so proudly in its conscious reason that it has stifled the primordial urges of its unconscious. But metaphysical longings inherited from generations of archaic ancestors will not down; they now rise up to smite the most "reasonable" product of all civilization, the man of the twentieth century. Not until this man can find within his own buried psyche some god, no matter how unorthodox or how traditionally immoral or unlovely, which he can truly love and trust, can he find peace.

For holding such views Jung answers readily to the charge of mysticism, and mystical he certainly seems to this moderately skeptical modern. But can there be no middle ground in psychology? Are we forced, if we wish to interpret human nature "psychologically," to choose between the concept of a motivating unconscious, either mystical or vile, and the clear and definite but petty and artificial facts of the textbooks? GRACE ADAMS.

Light in Modern Physics

The Universe of Light, by Sir William Bragg. New York: The Macmillan Company. 283 pages. $3.50.

OLD-FASHIONED texts on physics present their subject under the familiar rubrics: heat, light, sound, mechanics, etc. The dependence of the science upon the different human organs of sense is thus always made clear in them, and no reader can doubt that physics investigates various features of the natural world familiar to us from everyday life. Modern treatises take a very different approach: they usually have a chapter on unaccelerated motion, one on periodic motion, another on the propagation of waves, etc., and topics formerly belonging to light, heat and sound are discussed in each of them. This changed style of presentation reflects the fact that physics has reached an extraordinarily advanced stage of systematization. Far-reaching principles, usually stated in mathematical language, are employed in order to coordinate phenomena which to the senses are utterly dissimilar, and yet which are disclosed to have identical structures. Thus the number and character of the organs of sense seem to play a progressively diminishing role, and Planck's ideal of a completely de-anthropomorphized physics apparently is gradually attained.

Unfortunately, this undeniable progress from a "common-sense" physics to a physics of mathematical principles has frequently led scientists and philosophers to the view that these principles are in no way dependent upon features of the world of sensory qualities. Such principles have been interpreted either as more or less arbitrary mental constructs, or as fundamental intuitions of the mind into a "reality" separate and independent of the qualities of the everyday world. In either case, a radical bifurcation between sense and intellect is effected, so that the relevance of experiment to the theories of mathematical physicists becomes, and must remain, a mystery.

In this excellent and beautifully illustrated book by Sir William Bragg (a book which can serve as an admirable introduction to physics even for those who have not had an elementary training), it is made fully clear that the science of physics is solidly grounded upon the disciplined

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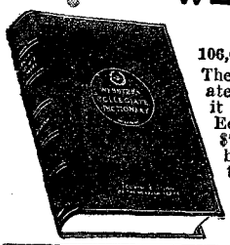

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perceptions of the senses, and to an especially high degree upon the sense of sight. Phenomena ranging from the reflection of light, through the production of colors, to the atomic constitution of matter are here surveyed and explained. But it requires very little wit to see that the principles of explanation are largely intelligible in terms of the familiar facts of *vision*. The systematization and deanthropomorphization of modern physics have been achieved, the book seems to show, by subordinating the remaining senses to the sense of sight; and the explanatory concepts of the science are extensions of those used in optics. As Sir William says, referring to the complementary wave and corpuscle theories of light, "we have come into possession of a wonderful principle which unites all forms of radiation and all kinds of matter. We may rightly speak of light as constituting the universe when we give the word the full meaning which this prospect reveals to us." His book is clear evidence that physics has developed into maturity by relying upon the union of sense and intellect, rather than by relying upon one of them exclusively.

In connection with other issues, Sir William suggests that all changes in nature need not be conceived as nothing other than the spatial rearrangement of unalterable particles of matter. His discussion of the effect of crystals upon light passing through them shows that much of the technique of modern physics depends upon viewing qualities as *newly manufactured*, and not simply rearranged, in the interaction of various objects. This suggests the thesis that the process of experimentation itself contributes to the creation of totally new qualities, which must be regarded as essential ingredients and not as accidental excrescences in nature. In particular, it suggests that the characters manifested by human beings and societies are not something discontinuous in their conditioning factors with the rest of nature; but that they are a part of her, so that without the specific activity of man, nature herself would be the poorer in many qualities she now possesses.

Like most scientists who have contributed to the actual advance of knowledge, Sir William does not look upon theories as complete and inviolate, but as instruments for further research. Experiments are performed with the object of gathering evidence for theories, and theories are developed with the view of suggesting further experimental research. This process is endless, and in this close dependence of sense upon intellect and conversely, the strength and validity of science is increased.

ERNEST NAGEL.

Books in Brief

BIOGRAPHY

BORIS GODUNOF, by Stephen Graham. *New Haven: Yale University Press. 305 pages, illustrated. $2.50.*

Boris Godunof succeeded Ivan the Terrible, who was the subject of Mr. Graham's previous biography. The succession was by an arranged election after the supposed murder of a younger son of Ivan and the death of the incompetent Fedor, in whose name Boris had ruled as regent. A pretender assuming the name of Dmitry, the murdered Tsarevitch, raised a rebellion and Boris poisoned himself while the Pretender was approaching Moscow. Mr. Graham believes in the authenticity of the pretender and in Boris' suicide, though both are held in question by other historians. His treatment is purely personal and psychological. Mr. Graham pictures Boris as an able man whose will was paralyzed by consciousness of sin, and attributes his failure to this cause, although it is clear that the popular support of the Pretender was in reality a revolt of the exploited masses, who took this opportunity to fight for concessions

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even though the Pretender's first troops were Poles and he was known to be a Roman Catholic. This neglect of the social and economic elements in the upheavals following the death of Ivan gives the book a superficial tone in spite of the lively narrative.

MAXIM GORKY: Writer and Revolutionist, by Moissaye J. Olgin. *New York: International Publishers. 64 pages. $.75.*

This is a rapid-fire evaluation of Gorky's career with special reference to his connection with Lenin and the Bolshevik party, both before and after the October Revolution. Gorky's proletarian origin and the social and class aspects of his works are emphasized throughout, and the author attaches a large measure of significance to Gorky's journalistic writings, which are predominantly political. The booklet is an American contribution to the recent fortieth anniversary of Gorky's literary activity, and hence bears the character of a festive summary.

Travel

RAGGLE-TAGGLE, by Walter Starkie. *New York: E. P. Dutton and Company. 415 pages. $3.*

"This book is the record of a journey I made alone through Hungary and Rumania and it is based on a diary I wrote in spare moments, generally on odd scraps of paper in cafés, bars, tents, sometimes by the light of the moon. My only excuse for publishing the account of my journey is that a solitary wanderer becomes wearied of talking to himself and needs to share his experiences." With this extremely modest preface, Walter Starkie, professor of Spanish at the University of Dublin, presents us with a most sparkling account of his adventures as an amateur gypsy. Winning his way into some of the secrets of the gypsies, with his talent for fiddle playing, he joins those "kings of nature" on their revels, and gives a realistic account of their fantastic ways. Interwoven in these tales are descriptions of the cultural personalities of Hungary and Rumania of today, with whom Mr. Starkie was in quite intimate contact. There are also anecdotes of the political situation in these countries that one may take as reality, or as things told in the moonlight, according to one's own political fancy. The author half-conceals his great learning; his book is authentic, full of humor and entirely untainted by pedantry.

WHERE EAST IS WEST: Life in Bulgaria, by Henrietta Leslie. *Boston: Houghton Mifflin Company. 320 pages. $4.50.*

Mrs. Leslie, an English novelist, writes about people and places in Bulgaria with a good deal of familiarity, but with a touch of that English superiority which so often prevents Kipling's countrymen from understanding the lesser breeds without the law. She devotes a full chapter to the personal charm of King Boris, and only a few lines to Stambuliski and his peasant movement, the bloody suppression of which was one of the most tragic events of the years that followed the War; and elsewhere she reveals an inability to grasp the forces that are molding history in the Balkans. There are not many books dealing with Bulgaria, and to say that "Where East Is West" is probably the best of them is to give it mild praise.

Fiction

THE BEST BRITISH SHORT STORIES: 1933, edited by Edward J. O'Brien. *Boston: Houghton Mifflin Company. $2.50.*

Except for two or three stories which are better than anything in his American collection, published earlier in the year, Mr. O'Brien's British volume is disappointing. All of the stories show greater polish than the American, and scarcely any experimentation. The macabre note is strong; madness is the theme of several of the tales. It is truly extraordinary how many old people appear as characters. Is this an indication of decadence, or is it due to the individual predilection of the editor? Mr. Martin Armstrong's "The Pipe-Smoker," which describes a chance encounter with a tame madman in a deserted country house, is easily the best thing in the book; it has a nice humor and a Poesque fantasy, and reveals a praiseworthy economy of words. "Time," by H. E. Bates, is a study of three old characters, charming as an etching, but without narrative significance. "Love's Labor's Lost," by Anthony Bertram, describes the hopeless love of a "residential

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hotel" spinster for a fellow "paying guest"; it is very English in its sense of social comedy and pathos. These are the three best stories; the others follow in an uneven procession, with "The Way Home," by Orgill Mackenzie, leading the second rank.

DESCRIBE A CIRCLE, by Martin Hare. *New York: Harper and Brothers. $2.*

"Describe a Circle" is a witty and bitter love story. Fanny le Fanu, late of Ireland and "pushing thirty," works at Copling's, a big English department store, and for two years has been Sir Max Copling's mistress. Sir Max is to leave for a six weeks' cruise with his wife, and Fanny, revolting at the futility of the affair, breaks it off. While Sir Max is away Fanny tries to put her house in order. She finds it dull work, and the man she gets engaged to duller yet. Sir Max returns and the sun shines again. The circle is described. Martin Hare knows women in love and gives them no quarter. Her wry humor fits the theme like a glove. Most women who have been in love will recognize themselves in Fanny and derive from the portrait a certain melancholy satisfaction, something like that of biting down on an aching tooth.

IDA ELISABETH, by Sigrid Undset. *New York: Alfred A. Knopf. $2.50.*

Ida Elisabeth marries a man of the infantile type and gives herself over to his family, a weak lot who depend more and more upon her to face realities for them. Frithjof, the husband, cannot hold a job, and Ida must keep a little dressmaking shop. Of four children, two are lost. The excuse for divorcing Frithjof is so sufficient that even the family cannot deny it. In another village Ida provides her sons with a secure home. But even when her own most legitimate desire as a woman is to be satisfied, by marriage with Tryggve the lawyer, she can rationalize herself into repeating the sacrifice, this time that her children may not suffer. The book has body, and Sigrid Undset's descriptive force is quiet and sound as ever. She has the power to give any human life of which she writes a rich detail, which in its turn makes her moral qualities all the more persuasive. Nevertheless, at certain turns in the present story, her moralizing gives rise to writing best described as stuffy.

Contributors

BEN DORFMAN, who recently returned from the Far East as the William Harrison Mills Fellow in International Relations of the University of California, studied the various economic and political aspects of the Manchurian situation, and later served as a technical expert to the Lytton Commission. Several of his economic studies have been published by the League of Nations.

CHARLES B. KEFAUVER, who has sold public-utility holding-company securities throughout the East, is now living in Massachusetts.

CHARLES A. BEARD has been working with George H. E. Smith on a book called "The Future Comes: A Study of the New Deal," which Macmillan is publishing on December 5.

LEWIS MUMFORD, the author of many books on the social and esthetic aspects of this country, is now completing a volume on "Technics and Civilization."

GRACE ADAMS, the author of "Psychology: Science or Superstition," is at present in Virginia working on a book on child psychology which Covici-Friede will issue next spring.

ERNEST NAGEL, an instructor in philosophy at Columbia University, is the author of "The Logic of Measurement" and will publish another volume on logic in the near future.

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"America in the Nineteen-Twenties."

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